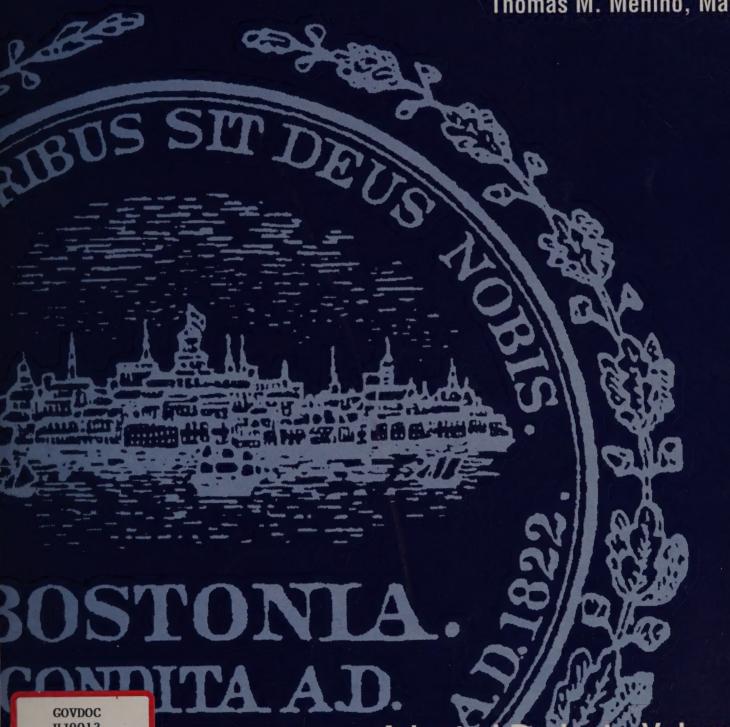


# City of Boston

**Operating Budget Fiscal Year 2001** Capital Plan Fiscal Years 2001-2005

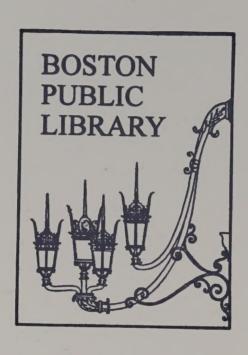
Thomas M. Menino, Mayor



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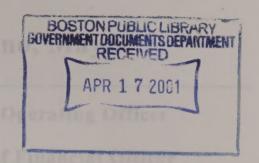
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City of Boston
Thomas M. Menino, Mayor



# Operating Budget Fiscal Year 2001 Capital Plan Fiscal Years 2001-2005

Volume I - Overview of the Budget



# Thomas M. Menino, Mayor

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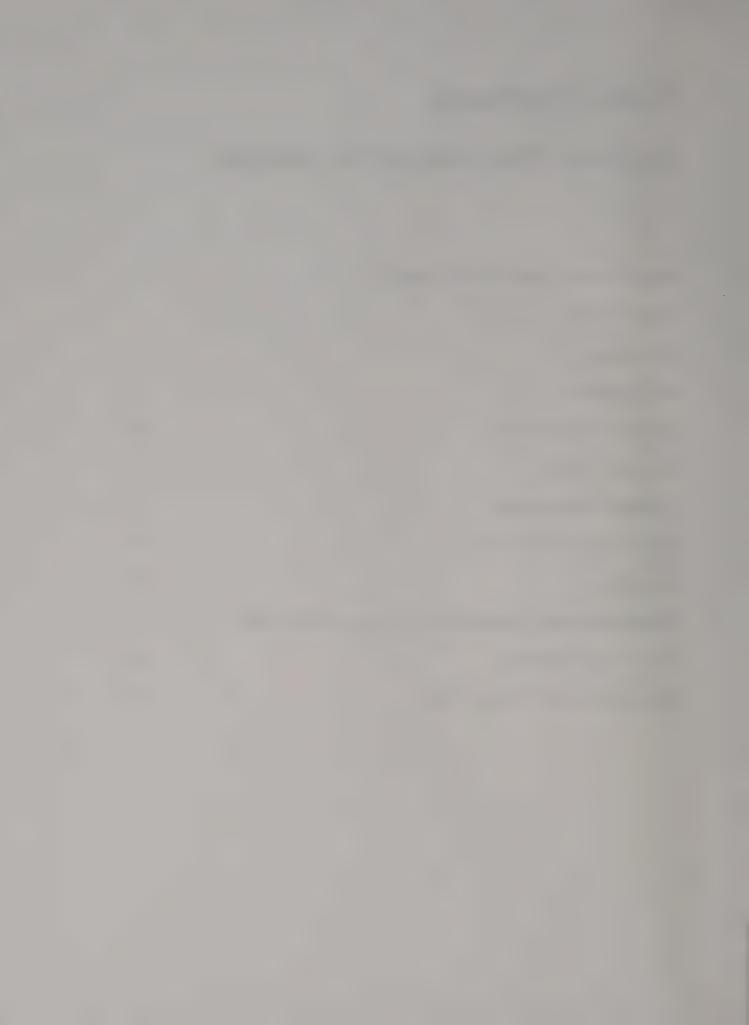
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GOVERNMENT FINANCE OFFICERS ASSOCIATION

# Distinguished Budget Presentation Award

PRESENTED TO City of Boston, Massachusetts

For the Fiscal Year Beginning July 1, 1999

President Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Boston for its annual budget for the fiscal year beginning July 1, 1999.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



### **Technical Note**

The City of Boston combined FY01 Operating Budget and FY01-FY05 Capital Plan was published electronically using Microsoft Word 2000. Graphics were generated using Lotus Freelance Graphics. Hyperion Pillar 4.5, and Microsoft Access 97 were used for data management and analysis.

All production was done within the Office of Budget Management. Document production assistance was provided by the City of Boston Graphic Arts Department. Technical development and support was provided by MicroData Corp.





# **CITY OF BOSTON • MASSACHUSETTS**

# OFFICE OF THE MAYOR THOMAS M. MENINO

June 14, 2000

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Recommended Budget for Fiscal Year 2001 for the City of Boston and County of Suffolk. The Recommended Operating Budget totaling \$1.7 billion is 5.4 percent greater than the Fiscal Year 2000 Adopted Budget and would represent the City's 16<sup>th</sup> consecutive balanced budget.

As you are aware, the City is still awaiting final action on the State's Fiscal Year 2001 Budget – Conference Committee deliberations are underway. The Fiscal Year 2001 Budget is based on the House version of the state budget; the Senate version appropriates \$1.6 million less to the City's General Fund. We continue to work with the members of the Conference Committee to ensure that the City's needs are recognized.

Consistent with my original budget transmission submitted to you in April, this budget emphasizes the following priorities which have been deliberated and supported in the City Council over the last two months: improving the quality of residential life in the neighborhoods; accelerating the production of affordable housing; continuing the City's multi-year reform efforts in the Boston Public Schools; assisting in the healthy development of our City's youth at home, at school and in the community; and improving the public health through a variety of essential programs and services.

To finalize the issues requiring your consideration before the fiscal year begins on July 1, I am proposing an increase of \$1,290,570 to the original operating budget submission, as well as a \$955,570 reduction to the Boston Public Schools appropriation to be submitted separately today. This adjustment includes a transfer of responsibility from the School Department to the Law Department to consolidate the legal services portion of the School Department within the Law Department. This change, like others made in the original budget submission, reflects my commitment to improve city services by creating an organization that will function more effectively. To effect this transfer, \$955.570 has been taken from the School appropriation and \$955,570 is being added to the Law Department appropriation. In addition, the review of departments' budget has highlighted the need for adjustments of \$160,000 in the Emergency Shelter Commission, \$130,000 for the City Council and \$45,000 in the Licensing Board.

This budget balances competing priorities within the City's available resources. I respectfully request your favorable action on the Fiscal Year 2001 Operating Budget and the Five Year Capital Plan for FY01 to FY05.

Sincerely,

Thomas M. Menino Mayor of Boston





# CITY OF BOSTON · MASSACHUSETTS

# OFFICE OF THE MAYOR THOMAS M. MENINO

April 11, 2000

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith my Recommended Budget for Fiscal Year 2001 for the City of Boston and County of Suffolk. The Recommended Operating Budget totaling \$1.7 billion is 5.3 percent greater than the Fiscal Year 2000 Adopted Budget and would represent the City's 16th balanced budget in a row.

This budget reaffirms my commitment to the basic needs and services that make city living worthwhile. Notable however, is the City's growing responsibility for funding essential services that were traditionally shared at all levels of government. With the end of the state's seven year commitment to education reform, there are real questions about the future of the state-local relationship. Further, the traditional federal commitment to provide "safe, decent and affordable housing for all Americans" is a distant memory. These issues, as well as rising fixed costs (including health insurance), are offset mainly by Boston's strong economy and my administration's ongoing efforts to maximize cost-efficiency and service delivery through sound fiscal management and reinvention of government services.

The Fiscal Year 2001 Operating Budget emphasizes the following priorities improving the quality of residential life in the neighborhoods; accelerating the production of affordable housing; continuing the city's multi-year reform efforts in the Boston Public Schools; assisting in the healthy development of our City's youth at home, at school and in the community; and improving the public health through a variety of essential programs and services. I continue to direct resources towards improvement and maintenance of parks, libraries, schools, community centers, police and fire stations, and neighborhood business districts.

This budget is the result of a review of existing expenditures and new program needs and provides the best allocation of the City's available resources. I look forward to working with you during this process, and I respectfully request your favorable action on the Fiscal Year 2001 Operating Budget and the Five Year Capital Plan for FY01 to FY05.

Sincerely,

Thomas M. Menino Mayor of Boston



**Executive Summary** 



# **Executive Summary**

### INTRODUCTION

The Operating Budget for Fiscal Year 2001 (FY01) totals \$1.7 billion and is 5.0 percent greater than the Fiscal Year 2000 (FY00) Budget. This budget is the result of a review of existing expenditures and new program needs, and provides the best allocation of the City's available resources.

This year's Five Year Capital Plan totals \$1.4 billion and includes \$163.9 million in new FY01 authorizations for 95 projects. Boston's Five Year Capital Plan is an investment program for the City's future. The City's Five Year Capital Plan has been consolidated with the Operating Budget to present a complete picture of the City's resources and strategic financial plan.

# SUMMARY OF ADDITIONAL RESOURCES

A 5.0 percent increase for the FY01 Budget represents \$79.9 million in additional funds. Consistent with last year's budget, more than 50 percent of the revenue increase comes from the City's largest revenue source, the property tax levy. This year, the City of Boston is projecting only a modest increase in state aid allocated to Boston through the State FY01 budget process. With state aid and net property tax levy making up approximately 80 percent of the City's revenues, the City was challenged to meet its needs within available resources, so that the City's budget remains soundly balanced. Figure 1 illustrates the sources of increased revenue for the FY01 Budget.

The available revenue growth provides the basis for planning the FY01 appropriations and fixed costs. The FY01 Budget includes \$79.9 million in expenditure increases consisting of non-discretionary costs and investments in some new and expanded programs.

In keeping with the Mayor's commitment to improve education, the FY01 Budget allocates 16 percent or \$12.8 million of the revenue increase to Schools. Appropriations for City departments increase \$23.9 million, which includes funding for the education incentive payments to be made to eligible police officers (the "Quinn Bill"). Non-discretionary expenditures increase as follows in

# FY01 Sources of Increased Revenue

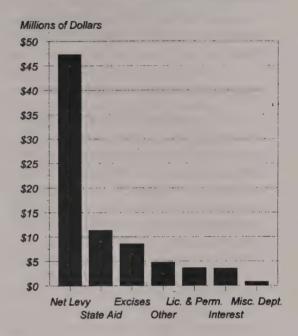


Figure 1

# FY01 Allocation of Increased Revenue

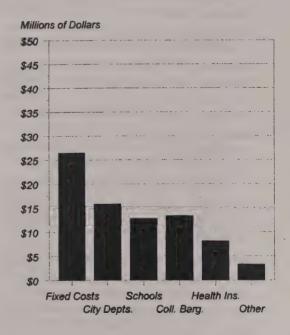


Figure 2

the FY01 Budget: fixed costs (pensions, debt service and state assessments) \$26.5 million or 9 percent, and health insurance \$8.1 million or 10 percent. In addition, the FY01 Budget establishes a \$13.7 million collective bargaining reserve for the projected impact of unsettled collective bargaining agreements. (Figure 2).

A detailed discussion of the City's revenues and expenditures can be found in the Summary Budget chapter.

# **BOSTON'S ECONOMY REMAINS STRONG**

The City's economy continues to perform extraordinarily well. The City's strong economy is best characterized by record low unemployment, robust property value growth and healthy, broad economic development. Once again, the financial markets expressed their confidence in Boston's fiscal health when Standard & Poor's upgraded the City's bond rating from A+ to AA- in January 2000. The factors that contribute to confidence in Boston are Boston's dominant role in the New England Economy, the City's established track record of effective financial management and the City's continued conservative debt management and capital planning. Unlike in previous years, the City plans to maintain a stable workforce in FY01.

### CITY LIVING KEEPS GETTING BETTER

This budget delivers a renewed focus on the neighborhoods of Boston. With crime in Boston falling to the lowest level in more than 30 years, the sense of security in the City's neighborhoods is markedly on the rise. The City takes pride in the improvement it has fostered in its neighborhoods. From the City's ReStore Boston Program, which works with businesses on storefront improvements, to the Abandoned Housing Initiative, all of the City's neighborhoods have benefited from neighborhood enhancements. The goal, however, is to make every residential neighborhood an even better place to live. The FY01 Budget and Capital Plan provide the funding to enhance the City's neighborhoods for all residents.

Pave the Way 2000, which was launched in FY00, will be well underway in FY01. "Pave the Way 2000" is an extraordinary two-year program of street resurfacing and sidewalk repairs that will enhance every neighborhood of the City. The "Pave the Way 2000" program adds \$15 million to the Ci-

ty's standard roadway and sidewalk program. These additional resources will result in 91 miles of neighborhood roadway paving in FY01, which is almost four times the normal annual roadway paving, and 40 miles of sidewalk repairs.

The FY01 Budget expands the City's neighborhood street cleaning program. The City is moving to respond to the increased demand for street cleaning services.

The FY01 Budget reflects an expanded tree planting program. The goal is to plant 2,000 trees citywide by the end of calendar year 2000, complementing the beautification of Boston neighborhoods. The urban forest of street and shade trees enhance the appeal of our neighborhoods and also contribute to improved property values. While every location is not suitable for a street tree, the City is well positioned to respond to community groups seeking trees. In FY01, the Parks & Recreation Department will be partnering with community groups that wish to improve a neighborhood's streetscape.

A neighborhood's vitality, however, is not solely derived from the quality of the City's parks, roadways, and streetscape. Traffic safety is also an integral component of quality of life.

In FY01, traffic safety will be a significant element of the Neighborhood Policing strategies of the Boston Police Department, the traffic calming efforts of the Transportation Department, and the "Walk this Way" pedestrian safety program coordinated by the Public Health Commission. Community Policing surveys indicate that traffic is both a public safety concern and a quality of life issue for city residents. Enforcement will be targeted on roadways and intersections that have been identified as problem locations. One of the City's goals for FY01 will be to reduce the number of pedestrians involved in vehicle-related accidents.

Through the FY01 Budget and Capital Plan, the City will be doing more to support the arts and cultural activity in Boston. In additional to including \$625,000 for renovations to the Strand Theater, and earmarking a portion of the Neighborhood Improvement through Capital Expenditures (NICE) funding for a demonstration project for public art in the Capital Plan, the City is increasing the Cultural Affairs budget by 37%, approximately \$270,000 for FY01. This percentage represents the largest program increase in the FY01 Budget. The City's goal for FY01 is to significantly raise the aware-

ness about the contributions of local artists and cultural organizations to the lives of all Bostonians

# BUILDING COMMUNITY BUILDINGS TO BUILD COMMUNITY

Through the Five Year Capital Plan, the City continues to transform its buildings and open space into community assets. Examples include renovating the Strand Theater, enhancing schoolyards across the City, and providing for community meeting space in neighborhood police stations.

The City's library system plays an important part of every neighborhood. In recent years, the City has made significant improvements to the library services it offers. The FY01 Budget and Capital Plan support future library improvements.

A new, state of the art branch library in Allston will be completed this year. The Allston Library will be the first new library built in Boston in two decades. The 20,000 square foot library will have courtyard gardens, space for leisure reading, and a research area with computers and reference materials.

In keeping with improving the services delivered in the neighborhoods, the BPL will be expanding branch hours at night and on weekends beginning with the start of the school year. Branch library schedules will be modified so that between Monday and Thursday there will be at least one branch Library in each district open on any given evening. Just as mom and pop retail shops have to adjust business hours to meet the needs of a changing society, venerable civic institutions like the Boston Public Library have to adjust their schedules to reflect the needs of their customers.

Libraries strengthen learning for all of the people of Boston, especially school age children. During the next fiscal year, the City will forge stronger partnerships between schools and libraries to maximize the return on the investment the City has made in both departments. Technology already in place at both Schools and Libraries will support these future learning connections.

# LEADING THE CHARGE FOR HOUSING IN THE REGION

A clear sign of the rising quality of life in Boston neighborhoods is the strength of the City's housing market. The City successfully met its housing goal for calendar year 1999 when housing starts in Boston increased by 135% over the previous year. But housing remains a critical issue in the region where the rate of housing starts actually went down in the same period. The strong demand for housing in Boston has challenged the City to place additional emphasis on increasing the supply of affordable housing. Declining federal and state resources for housing over the last decade also challenge the City to identify new resources. For a second year in a row, the Mayor is committed to substantially increasing the budget for housing. The Mayor's 2000 State of the City address outlined a plan to allocate one-third of the City's surplus property fund, about \$13 million dollars, to housing. The Mayor has signed an inclusionary housing policy for large, market-rate resident projects. The Mayor has also proposed an increase in the rate per square foot that developers pay into the Housing Linkage Program. The Housing Linkage Program uses the payments from developers to fund affordable housing opportunities across the City. With the support of City Council, Boston will be better positioned to work with builders, nonprofit groups and other levels of government on solutions.

# **IMPROVING THE QUALITY OF EDUCATION**

Education continues to top the City's agenda. This budget continues to fund the City's multi-year plan for reform of the Boston Public Schools, "Focus on Children". The City's reform plan has heightened the awareness of performance at our City's schools, as well as the steps being taken to improve teaching and learning in the classroom and inside the home. The last round of Massachusetts Comprehensive Assessment System (MCAS) test scores went up in every grade in Boston schools, and the rate of improvement in Boston outpaced the statewide rate. School reform in Boston is producing results.

FY01 Budget provides \$4.15 million in additional resources for two initiatives critical to the

implementation of the School Committee's five year education reform plan.

These initiatives include the Transition Program. which began in the 1999-2000 school year and focuses on literacy and mathematics in grades 3, 6. and 9 and a comprehensive Math Support Plan, a new program for FY01, which will initiate a broader math effort across all grades. Both initiatives will help the lowest performing students meet the rigorous standards and high expectations of both the School Committee and the Commonwealth. Other initiatives funded in the FY01 Budget which support "Focus on Children" include: the purchase of new instructional materials in history, social studies and world languages; ongoing support for high schools to meet accreditation standards; and a reinvention of the School Department's human resources function to increase capacity to recruit and hire the highest quality teachers in coming years.

The Mayor's 1999 State of the City address stressed the importance of bringing neighborhoods together through schools as community institutions. This year's Five Year Capital Plan includes the authorization for the construction of three new schools: Orchard Gardens (grades K-8), Brunswick Gardens (grades 6-8) and Mildred Avenue (grades 6-8). Mildred Avenue will include a community center component.

Boston was the first major urban public school district in America to connect every school to the Internet and as such has been recognized as a leading model for its school technology initiative. The City continues to invest in school technology through both the FY01 Budget and Capital Plan. By the end of FY01, more than 65 schools will have every classroom connected to the Internet and the student to computer ratio will be 6:1. A full review of goals, accomplishments, and finances of the Boston Public Schools can be found in the Education Chapter.

The FY01 Budget continues funding for the youth development services offered by numerous departments and programs such as Public Schools, Public Libraries, Community Centers, Parks and Recreation, the Pubic Health Commission and the 2:00 to 6:00 Initiative. During FY01, the City will continue to develop and implement an integrated child care strategy, including a plan to guide the City's efforts to help families and local communities meet their child care needs; a technical assistance program to

offer technical advice and support to agencies and individuals seeking to offer child care services to City residents; and a public education campaign to educate parents about how to find quality, licensed child care.

# PREVENTIVE HEALTH CAMPAIGNS ADDRESS CRITICAL NEEDS

The health of a City's population is an important indicator of its stability. The Boston Public Health Commission (PHC) continues to fulfill its mission to preserve, protect, and promote the health of the people of Boston. The FY01 budget funds initiatives critical to the health of Boston's youth and adult population. To improve the health of young people, the City will fund two new PHC initiatives. The first will target truancy by working through the schools, social workers and health advocates from the PHC to link support services with the home environment. The second initiative will address the high rate of asthma hospitalization by increasing parental awareness and bringing remediation services into the home. To promote a healthier teen population, the PHC will deliver expanded programs focusing on substance abuse prevention and treatment, and mental health. Specifically, in FY01, expanded mental health services will be offered at school-based health centers. To improve the health of the adult population, PHC will pursue a new Healthy Heart Campaign, and an expanded Mayor's Crusade Against Cancer. In addition, the FY01 budget will expand the efforts of PHC's newly created Elder Health Office. Working with the Commission for the Affairs of the Elderly and other agencies, the Elder Health Office will develop educational campaigns and programs that focus on reducing diabetes, osteoporosis and arthritis.

# **CHANGING THE WAY GOVERNMENT WORKS**

More than halfway through his second term, Mayor Menino has taken a number of innovative steps to improve traditional functions of City government. Departments and Cabinets are constantly challenged to rethink existing programs, improve service delivery, and pursue new opportunities and partnerships. The FY01 Budget reflects the reinvention that is underway in many City departments and begins the transition for additional changes to come.

The Fire Department, in response to the recent Boston Fire Department Review Commission report, headed by former state Public Safety Secretary Kathleen O'Toole, has initiated the implementation of reorganization plans and reforms. These efforts will include a reduction in the number of firefighters injured on duty and the associated costs, a reduction in the costs associated with acting out of grade practices, improvements in the department's approach to scheduling staff, and a concentrated effort to reverse the pattern of escalating overtime costs.

New service improvements recommended in this year's budget include building a stronger Planning Department within the BRA. The FY01 Budget includes \$725,000 in funding for Phase I of the City's vision to centralize planning and better coordinate various planning agendas. Phase I's first priority is to identify a Chief Planner for Boston, as well as reviewing the existing planning functions in various departments and recommend areas for consolidation and collaboration.

The Election Department will streamline its management structure and improve staff utilization. The FY01 Budget earmarks \$50,000 to explore the voting technology options available to the City to replace the existing voting equipment that dates back to the 1950s. During FY01, a special committee to be appointed by Mayor Menino will review voting technology options available to the City.

This year's budget also recommends a \$50,000 expansion to the Consumer Affairs & Licensing Department's budget for a new consumer protection program. This new program will focus on increasing awareness and community outreach especially to the segments of Boston's population that may be more vulnerable to fraud.

During the FY01 budget process, the Mayor recommended examining several inter-agency relationships in order to determine organizational alternatives that will improve outcomes and better serve the citizens of Boston.

The FY01 Budget takes the first step to centralize the focus of the City's recreation programs within the Parks & Recreation Department by establishing a new Director of Recreation. During this first year, the Director will be charged with harnessing the expertise of the various departments and organizations providing recreation services today and strategic planning of how the City can deliver

even higher quality recreation services in the future.

The FY01 Budget also establishes a Chief Information Officer to set the pace for the City's technology development in the 21<sup>st</sup> Century. The City has become increasingly dependent on technology to deliver services to its customers. A Chief Information Officer will enable that the numerous areas of City government to work more closely with each other through new technology.

In response to the Mayor's recommendation, the City will assign management evaluation teams during FY01 to review additional service delivery systems and outcomes across City departments.

Service areas discussed for further study include:

- After school programming:
- City towing operations:
- Printing;
- Permitting for use of grounds or facilities; and
- Trash collection from City property and venues.

Additional information about improving services can be found in the FY01 Budget and Performance Goals chapter.

# THE SOUTH BOSTON WATERFRONT - AN ECONOMIC ENGINE

The Boston Convention and Exhibition Center (BCEC) is the keystone of new waterfront development. The BCEC, which is scheduled to open in 2003, is expected to attract thousands of new visitors and millions of new dollars into Massachusetts each year, and to serve as a catalyst for the development of new hotels in the area. Residential character will be an essential ingredient in the South Boston Waterfront. Parcels in the district will also include new cultural facilities, open spaces, and gateways to Boston Harbor and the Islands.

The BCEC is a \$700 million public investment exceeded in value only by the Central Artery project. The City is financially responsible for the first \$157.8 million in cost for site acquisition and site preparation, which is being carried out by the BRA. Fundamental accomplishments to date include both on-time completion of site acquisition and continued on-time maintenance of the site preparation schedule, with total pro-

jected annual debt service remaining well below the projected annual estimates for the revenue sources earmarked to pay the debt in the City's BCEC financial plan.

The City assumes that its current revenue base will not be utilized to fund the BCEC. During the first two years, new revenues earmarked to pay for the BCEC debt have exceeded the estimates in the financial plan submitted to City Council back in FY98. Key to this positive variance are the two largest supporting revenue sources, hotel excise from new hotels and the sale of hackney carriage licenses. The state, through the Massachusetts Convention Center Authority (MCCA), is financially responsible for the construction phase of the project. A fuller overview of the BCEC project and its financial implications can be found in the Capital Planning chapter.

### **BUDGET DOCUMENT STRUCTURE**

The Operating Budget for FY01 and Five Year Capital Plan for FY01-05 is presented in three volumes.

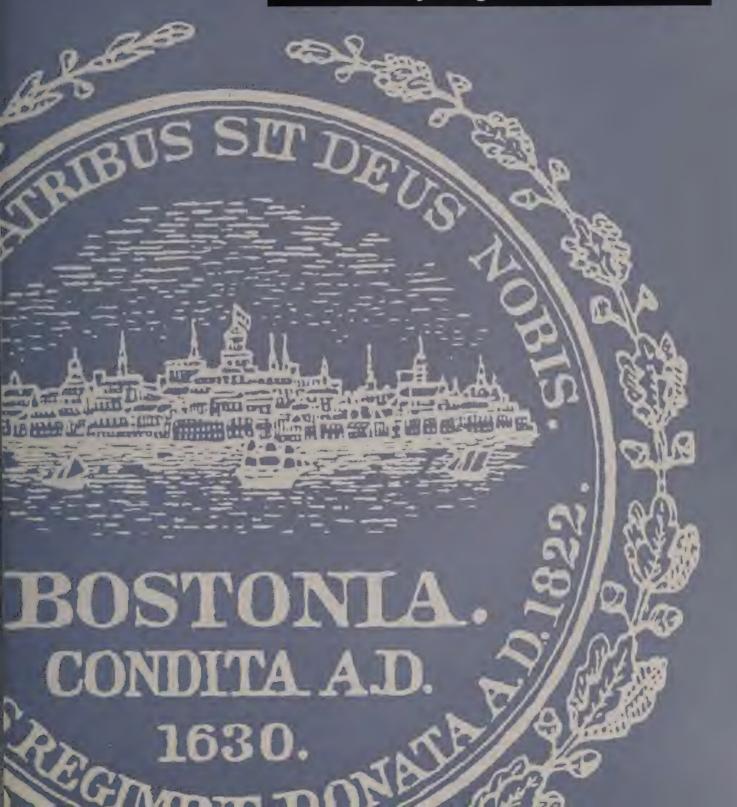
Volume I provides an overview of the City's financial position and policy direction.

Volumes II and III, which are organized by cabinet, present the budget detail for each department's operating budget and capital authorizations. Refer to the chapter on Budget Organization and Glossary for an illustration of the City's organizational chart.

The City's Operating Budget is built at the program level for each department, which is the basis for budget planning. However, line item detail is only provided in this budget document at the department level. Program line item detail is available upon request.

In addition to line item expenditures, Volumes II and III provide a mission statement, key objectives, as well as past and promised performance levels for each department. For those departments with capital projects, a project profile is provided for every capital project, which includes authorization information as well as planned spending levels.

Definitions of the terms used throughout the budget document are presented in the glossary which can be found in the chapter titled Budget Organization and Glossary **Summary Budget FY01—FY02** 





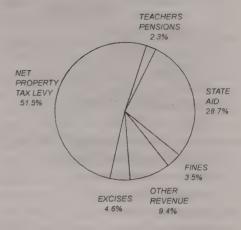
# Summary Budget

### **OVERVIEW**

The FY01 budget of \$1.691 billion represents an \$79.85 million or 5.0% increase over the FY00 budget. Included in the budget is \$1.0 million in non-recurring revenue and expenditures. This Summary Budget section lays out the FY01 budget and discusses trends in each category of the summary budget table. A detailed look at personnel trends as well as a review of major externally funded services is also presented. Finally, a projection of the major FY02 budget categories will provide an informative look ahead.

More than half of the City's \$79.85 million revenue increase for FY01 comes from its largest revenue source, the property tax levy. This revenue growth provides the basis for planning FY01 appropriations and fixed costs to maintain a balanced budget. Selected FY01 budgeted revenues compare with FY00 budgeted revenues as follows: the property tax levy (without the overlay reserve) increases \$49.7 million or 5.7%; excises increase \$8.6 million or 12.3%; interest on investments increases \$3.5 million or 21.2%; miscellaneous department revenue increases \$0.8 million or 2.6%; licenses and permits increase \$3.6 million or 17.5%; and state aid increases \$11.3 million or 2.4%. (Figure 1.)

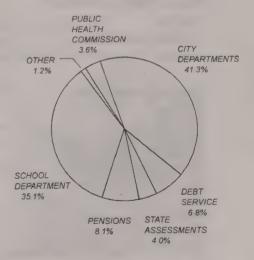
On the expenditure side of the budget, total departmental appropriations, including \$1.0 million in non-recurring expenditures, increase by \$53.37 million or 4.0% and fixed costs increase by \$26.47 million or 9.1%. Selected budgeted FY01 departmental expenditures compare with budgeted FY00 expenditures as follows: city departments increase \$23.92 million or 3.5%; the Boston Public Health Commission increases \$3.1 million or 5.4%; county departments increase \$0.2 million or 2.8%; and the School Department increases \$12.8 million or 2.2%. Budgeted FY01 fixed costs compare with budgeted FY00 fixed costs as follows: pensions increase \$8.1 million or 6.3%; debt service increases \$18.5 million or 19.2%; and state assessments do not increase. (Figure 2.)



### **FY01 Estimated Revenue**

lumbers may not add to 100% due to rounding

Figure 1



# **FY01 Estimated Expenditures**

Numbers may not add to 100% due to rounding

Figure 2

# CITY OF BOSTON BUDGET SUMMARY

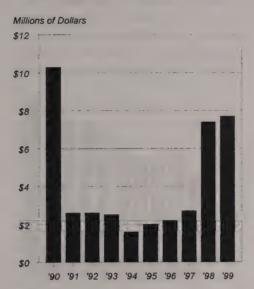
(Dollars in Millions)

	FY98 Actual	FY99 Actual	FY00 Budget	FY01 Budget
REVENUES	Actual	Actual	Buuget	Duuget
Property Tax Levy	782.44	822.37	865.75	915.40
Overlay Reserve	(50.57)	(42.71)	(41.23)	(43.59)
Excises	67.20	68.02	69.50	78.05
Fines	46.29	47.48	57.87	58.43
Interest on Investments	16.71	17.42	16.50	20.00
Payments In Lieu of Taxes	19.35	26.55	20.35	21.20
Urban Redevelopment Chapter 121A	36.78	36.51	36.28	37.94
Misc. Department Revenue	35.84	44.18	30.59	31.38
Licenses and Permits	23.42	20.88	20.72	24.35
Penalties & Interest	9.55	11.02	10.00	11.65
Available Funds	9.20	3.09	11.64	11.68
State Aid	414.74	457.34	473.60	484.94
Teachers Pension Reimbursement	35.28	37.28	39.00	39.00
Total Recurring Revenue	1,446.22	1,549.43	1,610.57	1,690.42
Non-Recurring Revenue	0.00	0.00	1.00	1.00
Total Revenues	1,446.22	1,549.43	1,611.57	1,691.42
EXPENDITURES				
City Departments	603.10	656.80	675.08	699.00
Public Health Commission	66.68	53.50	58.21	61.33
County	8.69	7.86	6.35	6.53
School Department	507.17	543.37	579.20	592.00
Reserve for Collective Bargaining	0.69	2.00	0.37	13.74
Total Appropriations	1,186.33	1,263.54	1,319.22	1,372.59
Pensions	104.85	120.25	128.66	136.79
Debt Service	83.43	92.32	96.44	114.92
State Assessments	64.19	65.57	67.25	67.12
Reserve	0.00	0.00	0.00	0.00
Total Fixed Costs	252.46	278.14	292.35	318.82
Total Expenditures	1,438.79	1,541.68	1,611.57	1,691.42
Surplus (Deficit)	7.43	7.75	0.00	0.00

Numbers may not add due to rounding

### REVENUE

Consistent revenue growth has allowed the City to record 14 consecutive operating budget surpluses through FY99. Strong revenue growth in FY00 has again put the City in a position to show another surplus. (Figure 3.)



# Surpluses

Figure 3

The FY01 Budget is balanced on the following revenue projections.

### **Property Tax Levy**

A detailed discussion of the property tax levy is provided in the Revenue Estimates and Analysis chapter of this volume. Below is a brief summary.

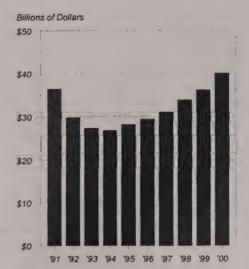
The property tax levy has been the City's most dependable source of major revenue growth during the past sixteen years. The increases were steady and consistent from FY85 to FY00, ranging from \$28 million to \$44 million. However, because of the increasing property tax levy base, the \$29.9 million increase in FY85 represented an 8.9% increase, while the \$43.4 million increase in FY00 represented only 5.3% growth. Property tax levy growth is fundamental to the financial health of the City since it provides over half of all City revenue in FY00.

Proposition 2 1/2 has been the overwhelming factor affecting the City's property tax levy since being passed in 1980. Proposition 2 1/2 limits the property tax levy in a city or town to no more than 2.5% of the total fair cash value of all taxable real and

personal property. It also limits the total property tax levy to no more than a 2.5% increase over the prior year's total levy with certain provisions for new growth and construction. Finally, Proposition 2 1/2 provides for local overrides of the levy limit and a local option to exclude certain debt from the limit. The City of Boston, however, has not voted to either override the levy limitations or to exclude any debt from the limit.

In each year since FY85, the City has increased its levy by the allowable 2.5%. During these same years, the levy has also been positively impacted by taxable new value. Taxable new value is expected to be \$28.0 million in FY01. The combined effect of the allowable 2.5% increase and the taxable new value is an average annual levy increase from FY98 through FY00 of \$38.9 million or 4.9%, and a projected increase in FY01 of \$49.6 million or 5.7%. The property tax levy totaled \$782.4 million in FY98, \$822.4 million in FY99, and \$865.8 million in FY00. The property tax levy is estimated to be \$915.4 million in FY01.

Property values in Boston have been rising steadily. During FY98, the City conducted the sixth parcel-specific revaluation that established values as of January 1, 1997 at \$33.8 billion, an increase of 9.0% over the prior year. This was followed by market indexed assessments which showed increases in taxable value of 6.8% to \$36.1 billion in FY99 and 10.8% to \$39.9 billion in FY00. (Figure 4.)



Total Assessed Property Value FY91 - FY00

Figure 4

## **Excises**

The Commonwealth imposes an excise on the registration of motor vehicles, the proceeds of which are received by the municipality of residence of the registered owner of each vehicle. The excise is a uniform rate of \$25 per \$1,000 of vehicle valuation. Valuations are determined by a statutory depreciation schedule based on the manufacturer's list price and the year of manufacture. As employment and consumer confidence increased over the past few years, more people returned to the market for new cars. Motor vehicle excise revenue totaled \$32.3 million in FY98 and \$29.4 million in FY99. The City expects motor vehicle excise revenue to come in well above the midyear budget estimate of \$31.0 million in FY00 and climb to \$37.0 million in FY01.

The local room occupancy excise amounts to 4% of the total amount of rent for each hotel or motel room occupancy (in addition to the state excise). Boston's occupancy and average room rates are among the highest in the country and the most recent data on tourism continues to show an increasing number of visitors coming to Boston. The growth of this revenue source tends to mirror the economy. As the economy has grown stronger over the last few years, room occupancy excise receipts have increased steadily. Room occupancy excise revenue totaled \$21.9 million in FY98 and \$22.8 million in FY99. The City's room occupancy excise tax receipts are expected to slightly exceed the midyear budget estimate of \$23.9 million in FY00 and are projected at \$25.2 million in FY01.

Room occupancy excise revenue from the significant number of new hotel rooms planned, already in construction, or recently constructed is earmarked to pay a significant portion of the City's planned debt for the new Boston Convention and Exhibition Center. Therefore, future growth in room occupancy excise in the general fund depends strictly upon increases in room rates and room occupancy in the 1997 base of hotel rooms.

The excise on the sale of jet fuel is 5% of the sales price, but not less than five cents per gallon. One reason that the jet fuel excise has tended to increase slowly is that with jet fuel selling consistently below \$1.00 per gallon, the five cents per gallon minimum tax has generally been the operative rate. Another underlying factor that limits jet fuel excise growth is the increased fuel efficiency of commercial aircraft that use Logan airport. Because fuel is such a major portion of their expenditures, airlines

have steadily improved the fuel efficiency of their fleet. Since FY97, an increase in air traffic has begun to cause an increase in the sale of jet fuel. Jetfuel excise revenue totaled \$12.6 million in FY98 and \$15.5 million in FY99. The City expects this revenue source to come in significantly above the midyear projection of \$14.3 million in FY00 and projects \$15.5 million in FY01. (Figure 5.)

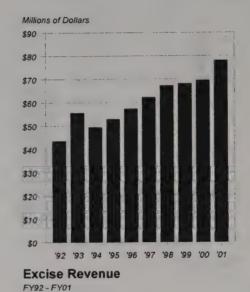


Figure 5

### **Fines**

Over the last three years, the City has issued an average of 1.6 million parking tickets per year and has for several years maintained a high rate of collection on its tickets. The major factors contributing to the City's successful collection rate include non-renewal of violators registrations and licenses by the Registry of Motor Vehicles until penalties are paid, booting and towing of vehicles, increased ability to get fine payments from rental agencies, and systematic collection of fines for company cars. The City collected parking fine revenue of \$44.2 million in FY98 and \$45.1 million in FY99. Parking fine revenue is expected to fall short of the midyear budget estimate of \$55.5 million in FY00. The FY01 projection of \$56.1 million is based upon a planned return to historical levels of enforcement coupled with the higher parking fines put in place at the beginning of FY00.

## Interest On Investments

In general, the City's level of investment income is a function of the level of prevailing short-term interest rates and daily cash balances. Cash balances have been rising steadily for the last 3 years while interest rates have been rising over the past year and are expected to continue to do so as the Federal Reserve raises interest rates to slow the economy. Interest income totaled \$16.7 million in FY98, \$17.4 million in FY99, and is expected to easily exceed the conservative midyear budget estimate of \$16.5 million in FY00. Making the assumption that interest rates will rise slightly this year and cash balances will increase, the City projects interest income to be \$20.0 million in FY01.

# **Payments In Lieu of Taxes**

Payments in lieu of taxes are payments made by tax-exempt institutions located in the City such as hospitals, universities and cultural institutions as a voluntary contribution for the municipal services that the City provides to them such as police, fire and snow removal. The Massachusetts Port Authority will provide half of the payments in lieu of taxes revenue the City expects in FY01. Growth in payments in lieu of taxes comes from new payments in lieu of tax agreements, contract escalations that adjust the payments for inflation, or re-negotiation of a current contract. Recently, some non-profit entities have entered into new payments-in-lieu-of-taxes agreements with the City including Harvard University, and the Economic Development and Industrial Corporation. Payments in lieu of taxes totaled \$19.3 million in FY98 and \$26.5 million in FY99. When a building is sold by a tax-exempt entity to a taxable entity a Section 2C payment in lieu of tax is made for the period between the sale date and the date that the building goes on the tax rolls. In FY99, a Section 2C payment of \$5.4 million was made as a gap payment in lieu of tax on the sale of a large office building sold by a tax-exempt entity. The City expects this revenue source to come in slightly below the midyear budget estimate of \$20.4 million for FY00 and has a budget of \$21.2 million for FY01.

# **Urban Redevelopment Chapter 121A**

The Chapter 121A legislation allows local governments to suspend the imposition of property taxes at their normal levels in order to encourage redevelopment. In recent years, the City used this mechanism to encourage development of the Seaport Hotel and the World Trade Center office buildings. Chapter 121A revenues are based on two separate sections of the law as described below.

The Urban Redevelopment Corporation excise is a municipal excise in-lieu-of-tax for which the Commonwealth acts as the collector and distributor. In most cases, the formula for the 121A. Section 10 excise in-lieu-of-tax is \$10 per \$1,000 of the current fair cash value plus 5% of current gross income. In FY98 and FY99, the City received Chapter 121A, Section 10 distributions of \$26.2 million and \$27.1 million. In FY00 and FY01, Chapter 121A Section 10 revenues are budgeted at \$26.6 million and \$28.0 million respectively. In addition to the Section 10 payments collected by the Commonwealth described above, most 121A corporations have individual Section 6A agreements with the City that result in additional payments directly to the City. These Section 6A agreements are complex with actual amounts owed dependent on a formula that varies widely among the 121As. The City collected Section 6A payments of \$10.6 million in FY98 which included a one-time \$2.0 million payment to settle an overdue account. Section 6A collections totaled \$9.4 million in FY99. The City expects FY00 Section 6A collections to be in line with the midvear budget estimate of \$9.6 million and has a budget of \$9.9 million for FY01.

## Miscellaneous Department Revenue

This category contains twenty-one large accounts and many more small accounts. The largest revenue source in this revenue category is municipal medicaid reimbursements for school health services. This federal reimbursement, administered by the state, began in FY94. The City received \$8.2 million in FY98. Collections totaled \$15.6 million in FY99 as payment of claims caught up after a backlog. Municipal medicaid reimbursement is expected, however, to easily exceed the midvear budget estimate of \$5.5 million in FY00, and is budgeted at \$9.6 million in FY01. There are three other accounts in this revenue category that are projected to exceed \$2 million in FY01. Fire service fees are projected at \$2.8 million, street and sidewalk occupancy fees are projected at \$3.0 million. and police private detail fees are projected at \$2.3 million.

### **Licenses and Permits**

The level of economic activity largely determines the level of many types of permitting and licensing done by City agencies. This category is dominated by building permit revenue, from which the City received \$14.8 million and \$11.4 million in FY98 and FY99 respectively. Building permit revenue should easily exceed the midyear budget estimate of \$11.5 million in FY00. The City expects to receive \$14.0 million in building permit revenue in FY01.

The next highest license and permit revenue is the cable television license fee from which the City received \$1.9 million in FY98 and \$2.6 million in FY99. The City has a budget of \$2.5 million for FY00 with a slight increase to \$2.9 million expected in FY01.

Alcoholic beverage licenses are the only other revenue source in this category that regularly exceeds \$2 million in annual revenue. Alcoholic beverage licenses are budgeted at \$2.3 million in both FY00 and FY01. These budgets follow actual revenue of \$2.3 million in both FY98 and FY99.

### Penalties and Interest

Taxpayers are assessed both a penalty and interest for late payments of property tax bills and motor vehicle excise bills. The City collected \$9.6 million and \$11.0 million in such penalties and interest in FY98 and FY99 respectively. Actual penalty and interest collections for FY00 should easily exceed the current midyear budget estimate of \$10.0 million. The City expects to collect \$11.7 million in penalty and interest revenue in FY01.

# **Available Funds**

Available funds are linked to a separate category of expenditure appropriation, that is, appropriations that are supported by immediately available special fund transfers. Most of the City's general fund budget is raised and appropriated from the tax levy, which means it is supported by the revenues that are estimated to come in during the course of the fiscal year. This includes the tax levy, excises, state aid and the various other categories of revenues described above. The only two significant available funds that the City budgets each year are parking meter revenues to support the Transportation Department, and cemetery trust monies which are used to support the City's maintenance of its public cemeteries. The City transferred a total of \$9.2 million and \$3.1 million from these two sources combined in FY98 and FY99 respectively. The City expects to transfer \$10.0 million from the Parking Meter Fund to the General Fund in both FY00 and FY01. The City also plans to transfer \$1.6 million from the Cemetery Trust Fund to the General Fund in FY00 and \$1.7 million in FY01. These monies

were available at the beginning of FY00 and also will be available at the beginning of FY01. Both of these special funds have fees collected during the course of the year. By transferring less than what is collected, the City can build up these special fund and trust fund balances. Trust fund balances can also benefit from the opportunity to invest in securities offering a higher return than short-term fixed-income investments.

	Parking Meter Fund				
Fiscal Year	Beginning Year Balance	Funds In	Funds Out		
FY95	4,746,010	9,514,750	(3,500,000)		
FY96	10,760,760	8,141,000	(7,000,000)		
FY97	11,901,760	8,558,090	(8,500,000)		
FY98	11,959,850	9,673,340	(8,500,000)		
FY99	13,133,190	7,736,300	(1,500,000)		
FY00	19,369,490				

	Trust Fund	and		
Fiscal Year	Beginning Year Balance	Funds in Plus Appreciation	Funds Out	
FY95	5,935,606	1,183,825	(600,000)	
FY96	6,519,431	2,304,270	(500,000)	
FY97	8,323,701	2,701,115	(700,000)	
FY98	10,324,816	2,119,249	(700,000)	
FY99 FY00	11,744,065 12,163,176	2,007,719	(1,588,608)	

# State Aid

A detailed discussion of state aid is provided in the Revenue Estimates and Analysis chapter of this volume. Below is a brief summary.

Over the last nine years, the Commonwealth has been successful in balancing its own budget. This now gives the Commonwealth the capacity to support and diversify the local revenue base, thereby reducing over-reliance by municipalities on the property tax. The primary forms of local aid distributions from the state to municipal general revenues are Chapter 70 education aid, additional assistance and lottery. The amount of these funds to be distributed each year to an individual community is described on the cherry sheet, a listing of a city or town's local aid that is printed on cherrycolored paper. Also listed on the cherry sheet are other relatively smaller Commonwealth programs such as library aid, school construction and transportation reimbursements, and highway funds.

Beginning in 1993 with the passage of the FY94 state budget, the Commonwealth embarked upon a multi-year commitment to increase and equalize

funding for local education in its local aid distributions. This aid comes from the Commonwealth as Chapter 70 education aid.

The Governor's budget for FY01 increases education aid by \$132 million, an increase of 4.7% over FY00. The City received Chapter 70 education aid totaling \$143.9 million in FY98 and \$178.2 million in FY99 and will receive \$186.2 million in FY00. The City has a budget of \$197.5 million in FY01, an increase of 6.1%. FY00 is the last year of the statutorily established funding schedule for education reform. There has yet to be established a post-FY00 funding schedule. A vital component in the City's delivery of quality public education in the near-term is strong financial support from the Commonwealth.

The current education aid is delivered in tandem with state-mandated costs for charter schools. Charter schools are publicly funded schools administered independently from local school committee and teacher union rules and regulations and whose charters are granted by the State Board of Education. There are two kinds of charter schools, the Commonwealth charter school and the Horace Mann charter school. The former is a school outside the local public school system and the latter is part or all of a school in the public school system. In addition to the Board of Education, the local school committee and local bargaining agent must approve Horace Mann charter schools. In addition, Horace Mann charter schools' budgets remain part of the public schools budget.

There are seven Commonwealth charter schools currently operating in Boston and two more are scheduled to open in September 2000. There are currently 2,681 students in Boston attending charter schools. In addition to the Commonwealth charter schools, there are also two Horace Mann charter schools operating in Boston.

Before FY99, all charter school tuition was drawn directly from the City's Chapter 70 aid. This draw on the City's education aid totaled \$10.9 million in FY98. Under recent amendments to the charter school law, the Commonwealth will pay, as a reimbursement, 100%, 60%, 40% and 0% over four years of the cost of new students and increases in tuition. The net impact of the charter schools in FY99 was \$11.2 million after a \$2.2 million reimbursement from the Commonwealth. The City has budgeted \$12.1 million to be the net impact of the charter schools in FY00 after receiving a \$4.8 million reimbursement from the Commonwealth. The

City expects \$14.1 million to be the net impact in FY01 after a \$7.6 million reimbursement.

Lottery aid for the City, as for most municipalities. has grown steadily the last few years as a result of a state decision to phase-out the lottery cap and return all lottery profits to the cities and towns. FY00 was the fifth and final year of the state's plan. The City's lottery aid was \$49.6 million in FY98 and \$55.6 million in FY99. The City expects that FY00 lottery aid will exceed the budget estimate of \$57.6 million due to a \$7.1 million supplemental lottery aid distribution. The City expects to receive \$60.4 million in lottery aid in FY01. The current lottery formula is not favorable for the City. The City receives a smaller percentage share of lottery aid than its share of the state population, and dramatically less than the share of lottery proceeds derived from sales in Boston. Nevertheless, lottery aid has been an important source of revenue growth, aiding the City's efforts to sustain adequate municipal services. During the last four years, Boston's lottery distribution has reflected both lottery profit growth and the phasing out of the diversion of lottery funds to the Commonwealth. Beginning in FY01, the City's lottery distribution will reflect only profit growth in the lottery.

# **Teachers' Pension Reimbursement**

Boston's cherry sheet includes an item unique to the City, the teachers' pension reimbursement for pension charges to the City. The pensions paid to retired teachers in all other cities and towns in Massachusetts come directly from the Commonwealth via the State-Teachers Retirement System. In a singular arrangement mandated by general law, pensions paid to retired Boston teachers are paid by the State-Boston Retirement System, which charges the City of Boston for this cost as part of its annual pension funding. The City is then reimbursed by the Commonwealth on the cherry sheet. In short, the Boston teachers' pension payroll is administered locally, but, as with all other teachers' pensions in Massachusetts, is the financial responsibility of the Commonwealth. The teachers' pension reimbursement totaled \$35.3 million in FY98. \$37.3 million in FY99, and has already come in at \$38.7 million in FY00. The teachers pension reimbursement is estimated at \$39.0 million in FY01.

# Non-recurring Revenue

Included in the FY01 budget is \$1.0 million in non-recurring revenue to be transferred from the surplus property disposition fund. The original source of these funds is the proceeds from the sale of central artery land to the Commonwealth for the central artery project. In maintaining its policy of not supporting recurring operating costs with non-recurring revenue, the City is limiting this transfer to an amount not greater than \$1.0 million for the Risk Retention Reserve.

Fiscal Year	Beginning Year Balance	Funds In	Funds Out
FY95	32,371,287	193,700	
FY96	32,564,987	1,296,561	
FY97	33,861,548	46,968	(
FY98	33,908,516	0	(
FY99	33,908,516	0	(
FY00	33,908,516		

#### **EXPENDITURES**

Expenditures are broken down into two primary groups: appropriations directly related to departmental services and fixed and mandated costs. FY01 appropriations are further subdivided into five categories:

City Departments, which includes all operating department appropriations, a risk retention reserve and a set-aside for tax title and annual audit expenses;

Boston Public Health Commission, the City appropriation for the quasi-independent authority and successor to the Department of Health and Hospitals;

County, which includes the City of Boston's share of the operating budget for the Suffolk County Sheriff and the County share of Pensions and Annuities for payments to retired County officials who were not members of the contributory retirement system;

School Department, the City appropriation for the Boston Public Schools;

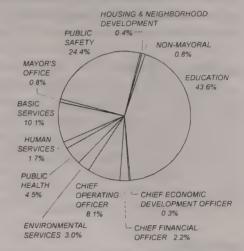
Reserve for Collective Bargaining, an appropriation for outstanding labor agreements.

#### **City Departments**

The combined appropriations for City Departments as shown in the FY01 Summary Budget have increased by 3.5% over the FY00 appropriations. Nearly 70% of this category covers four appropriations: Police, Fire, Public Works and Health Benefits. The Police Department's appropriation will increase by \$9.4 million, or 4.6%. The increase is solely related to educational incentive payments to be made to eligible police officers as prescribed by G.L. c. 41 Sec. 108L (the "Quinn Bill"). The City accepted the provisions of the Quinn Bill as part of a collective bargaining agreement with the Boston Police Patrolmen's Association. Arbitration awards for the Boston Police Detectives Benevolent Society units (Detectives and Detective Superior Officers) also included the Quinn Bill provisions. (As of June 30, 2000 a collective bargaining agreement with the Superior Officers' Federation has been outstanding since June 30, 1996; a collective bargaining reserve for the Federation has been included as part of the department's appropriation.) The Fire Department will increase by \$1.48 million, or 1.3%. Public Works will see an increase of approximately \$372,000, or .6%. (Higher than estimated savings in lighting costs for

FY00 will allow the department to stay close to level-funding in FY01.) Health Benefits will increase by 10% over the FY00 appropriation requiring an additional \$8.1 million.

Appropriations can also be divided by cabinet, to better reflect the overall policy priorities and trends by service area. (Figure 6.)



**FY01 Expenditures By Cabinet** 

Numbers may not add to 100% due to rounding

Figure 6

Some of the highlights of FY00/FY01 changes by cabinet are as follows:

#### Mayor's Office

The cabinet will see an increase of 12.7%. Almost 90% of the total increase is the result of a transfer of responsibility from the School Department to the Law Department to consolidate the legal services portion of the School Department within the Law Department. Other Mayoral departments will strive to improve upon the new initiatives funded in the FY00 budget. Boston 2:00 to 6:00 will continue to work toward ensuring that all school-aged children have the opportunity to participate in affordable after school activities in their neighborhoods. In this time of increased demands on the City's General Fund revenues the work of the Grants Administration program of Intergovernmental Relations, as it seeks to maximize the City's access to external funding from state, federal and private sources, will be particularly important.

# **Chief Operating Officer**

Excluding health insurance, the net increase in this cabinet will be 8%. All but a small portion of that

increase relates to the City's continued investment in technology. The Management & Information Systems (MIS) budget includes funding for increased hardware and software needs. The City has completed its conversion of City departments, as well as the School Department, to the new financial/human resource/payroll system (the BAIS project). The MIS Department will play a major role in the continuing support of the system; the FY01 appropriation will fund that effort.

#### Chief Financial Officer

After excluding tax title funding from the FY00 appropriation, the net percentage decrease in this cabinet is .4% Most departments will see a slight increase in funding to cover current operations. The large decrease in the Auditing Department's budget is directly related to the department's supporting role for BAIS in FY01 rather than the "project" role that was funded in the FY00 budget.

# **Public Safety**

The majority of the increase in this cabinet is related to the Police Department's education incentive payments to be made pursuant to the Quinn Bill. The Police Department's appropriation includes the cost of a class to be added in the first half of FY01. The class will allow the department to continue to provide an appropriate level of staffing. During FY00 the Mayor appointed a commission (the "O'Toole Commission") to review the operations and organization of the Fire Department. The FY01 Fire Department budget incorporates several of the recommendations made in the O'Toole Commission report. The FY01 budget also contains funding for two classes of firefighters to replace employees lost through retirements.

### **Economic Development**

The major change in this cabinet is a new \$725,000 appropriation for Phase I of the City's vision to centralize planning for the City within the Boston Redevelopment Authority. The Office of Special Events includes additional funding for Boston 2000 events and the National League of Cities Conference that is to be held in Boston this year.

#### **Basic Services**

After excluding the state funding included in the FY00 Library appropriation, the request for this cabinet contains a net increase of 1.4%. In addition to working toward enhancing the hours of opera-

tion at all of its branches, the Library will be opening a new branch in Allston in the spring of 2001. An increase to the Youth Fund will allow the City to centralize support of the Mayor's Youthline and allocate additional resources to strengthen and improve the Youthline's service delivery. The Office of Consumer Affairs and Licensing will be expanding its focus on consumer affairs activities FY01. A new consumer affairs program will focus on increasing awareness and community outreach especially to the segments of Boston's population that may be more vunerable.

#### **Environmental Services**

The majority of the \$1.15 million increase is for the Transportation Department. A loss of State Chapter 90 Highway Funds necessitates additional funding in the operating budget for pavement markings on City streets. A departmental goal continues to be to provide a level of enforcement staffing that will maintain public safety, traffic flow and parking turnover. The department will also focus on effective signage around the City as well as neighborhood traffic safety.

#### **Human Services**

The Elderly Commission will be allocated additional funding in FY01. The Commissioner will continue to look at re-inventing the way the department provides services. Improving community relations and public information dispersal will be a goal in FY01. The Commissioner will also seek to maximize the impact of the large amount of state and federal funding that is granted to the Elderly Commission each year. Cultural Affairs funding includes a 37% increase, or approximately \$278,000, which will be used for expanded grants to the non-profit cultural community and provide youth art opportunities.

#### **Housing and Neighborhood Development**

This cabinet is showing a very slight decrease from the FY00 appropriation. The Department of Neighborhood Development (DND) has been able to streamline its administrative operations to achieve savings. The Department will continue to address the Mayor's commitment to community renewal and public investment in the City's neighborhoods, including making the Mayors affordable housing production goals a reality.

#### **Public Health Commission**

The Commission is responsible for providing the public health operations formerly provided by the Department of Health and Hospitals (DHH) and Trustees of Health and Hospitals (THH). It is a principal component of the Boston Public Health Network consisting of the Public Health Commission, Community Health Centers, and the new Boston Medical Center. Through Boston Emergency Medical Services, the Commission also provides pre-hospital emergency care.

The FY01 appropriation for the Public Health Commission shows an increase of \$3.1 million or 5.3%. The appropriation continues to fund public health programs such as AIDS, Domestic Violence Prevention, Adolescent Health, Breast Cancer Outreach, and Cancer Prevention and Awareness. New initiatives include a Healthy Heart Campaign, an expansion of the Mayor's Crusade Against Cancer and substance abuse prevention and treatment for youth with a focus on heroin use. The appropriation funds an Emergency Medical Services (EMS) subsidy of \$7.5 million. The Public Health Commission budget also covers a \$13 million direct payment to the Boston Medical Center required by the agreement reached when the City consolidated Boston City Hospital and Boston University Medical Center Hospital.

# **County Departments**

Prior to FY93, state support of county corrections for Suffolk County was by means of state aid into the City's general fund. In FY93, the Commonwealth shifted its support of county corrections from the City's general fund to directly funding the Sheriff's Department. In FY96, the City was responsible for funding 12.5% of the Sheriff's Department budget with the Commonwealth funding the rest. Because this was about double the percentage of the FY96 statewide local contribution over statewide county corrections spending, the City received a reduction for FY97 to 8.75% of the Sheriff's budget and a subsequent reduction in FY99 to 6.875%. The City strongly favors a continuation of the trend toward a fairer level of local contribution to the Sheriff's Department. The FY01 budget assumes the City's maintenance of effort requirement will be 6.875%.

#### **School Department**

The FY01 School Department budget contains a 2.2% increase from the FY00 appropriation, in-

creasing by \$12.8 million. The FY01 budget request funds all existing executed collective bargaining requirements, allowing for increases in fixed costs, inflation, and salary adjustments while continuing to implement the School Committee's Five-year Education Reform Plan, A Focus on Children. Some of the educational initiatives include new textbooks and instructional materials in World Languages, History & Social Studies, classroom libraries and English as a Second Language. as well as specific support for vocational education equipment replacement to maintain accreditation status for vocational education programs. An expansion of opportunities for success for disruptive and overage students in alternative education settings is also planned. The FY01 budget plan will sustain a commitment to help the lowest performing students to meet rigorous standards, with a focus on literacy and math in transition grades. (See the Education chapter of this volume for more details.)

# **Reserve for Collective Bargaining**

A collective bargaining reserve has been established as a provision for the cost of unsettled collective bargaining agreements for City departments.

# **Pensions**

The City's pension expense has increased steadily over the last several years. The City's annual pension funding requirement was \$104.8 million in FY98 and \$120.3 million in FY99. The City has a budget for pension costs of \$128.7 million in FY00 and expects to spend \$136.8 million on pension funding in FY01. These numbers do not include pension costs allocated to the budgets of the Sheriff's Department or the Public Health Commission. Meanwhile, the percentage of the City's overall pension liability that has been funded has improved from 52.0% in FY95 to 73.1% in FY99. There are two reasons for this. First, the average annual rate of return on assets in recent years has significantly exceeded the 8% rate of return assumed in the City's pension funding schedule. Second, the increased percentage set aside for pension funding out of new employees checks from 6% to greater than 8% continues to aid the system's trend toward full funding.

The impact of these two items is incorporated into the City's pension funding schedule each time the pension system does a full valuation. State law calls for full valuations at least every three years. The most recent valuation was approved during FY98 and the pension system is therefore required to do another full valuation during FY01 in time to adjust the City's pension funding schedule for FY02 forward.

A fundamental shift regarding the liability for pension cost-of-living-adjustments is reflected in the most recent valuation. The Commonwealth will no longer fund cost-of-living-adjustments as they have since the enactment of Proposition 2 1/2. The City has opted to accept the responsibility for future cost-of-living-adjustments for its retirees.

#### **Debt Service**

The City had expenditures for debt service of \$83.4 million in FY98 and \$92.3 million in FY99. The City has a budget of \$97.9 million for debt service in FY00 and expects to spend \$114.9 million on debt service in FY01. The increase in debt service in recent years reflects the increasing amounts that were borrowed in FY98 (\$105 million), FY99 (\$120 million), and FY00 (\$120 million) and planned for in FY01 (\$120 million). The higher borrowing level is a consequence of increased capital renovations and planned new construction for the Boston Public Schools, which is partially reimbursed by the Commonwealth. However, because of parallel growth in the budget, FY01 gross debt will remain under 7% of total expenditures, as has been the case since FY88. For further detail see the Capital Planning and Financial Management chapters of this volume.

#### **State Assessments**

Accompanying the local aid distributions on the cherry sheet are several charges to the City from the Commonwealth. All but the state assessment for the Massachusetts Bay Transit Authority (MBTA) are relatively small. In accordance with Proposition 2 1/2, these charges, on a statewide basis, cannot increase annually by more than 2.5%. Consequently, the City's state assessment has grown slowly from \$64.2 million in FY98 to an estimated \$67.3 million in FY00. The City expects the same assessment in FY01 due to a new schedule of MBTA assessments passed with last year's state budget. In the past, the cost of operating the MBTA has traditionally grown at a much faster pace than the allowable 2.5% increase in state assessments and consequently so has the Commonwealth's annual subsidy to the MBTA. Along with this new MBTA assessment schedule, the Commonwealth has given the MBTA a budget instead of covering their annual shortfalls with a subsidy.

#### Reserve

The City is required by law to maintain a reserve on its balance sheet of 2.5% of the prior year appropriations, not including the School Department which has its own separate reserve. The current balance of this reserve is \$18.7 million. Due to the significant reduction in FY97 of non-school departmental appropriations as a result of the removal of hospital operations from the budget, this reserve is already fully funded through the end of FY01. The reserve can be used to provide for extraordinary and unforeseen expenditures and the Mayor may make drafts or transfers against this fund with City Council approval only in the month of June. Since the establishment of this reserve, the City has yet to make any drafts or transfers from the reserve.

#### Note:

The City prepares its financial statements in accordance with generally accepted accounting principles (GAAP) and publishes them annually in its Comprehensive Annual Financial Report (CAFR) and as an appendix in all bond prospectuses issued by the City. However, the budgetary basis accounting practices established by the Massachusetts Department of Revenue are used in constructing each year's proposed budget, during the budget approval process, and in monitoring the budget throughout the year. Therefore all numbers used in this budget document are on a budgetary basis. There are no descriptions or discussions of separate funds because one major way in which budgetary basis accounting differs from GAAP is that while certain activities and transactions (e.g. debt service) are presented in separate funds in GAAP, they are components of the general fund using budgetary basis accounting. For a fuller understanding of the differences, a walk-through table demonstrating the City's revenue and expenditure totals for FY99 in budgetary basis accounting versus GAAP is presented at the end of the Financial Management chapter.

	Tregor Rese	erve Fund	
Fiscal Year	Beginning Year Balance	Funds In	Funds Out
FY95	17,925,000	754,642	0
FY96	18,679,642	0	0
FY97	18,679,642	0	0
FY98	18,679,642	0	0
FY99	18,679,642	0	0
FY00	18,679,642		

	Appro	oriations b	y Cabinet	FY00	FY01	Side of Military
Cabinet	Department	Expenditure	Expenditure	Appropriation	Appropriation	##c/(Dec 01 vs 0
Mayor's Office	Boston 2 to 6	0	366,996	547,692	567,068	19.37
	Intergovernmental Relations	841,320	871,263	939,295	933,602	-5,69
	Law Department	3,411,413	3,757,260	4,215,681	5,257,216	1,041,53
	Mayor's Office	1,606,078	1,788,826	1,820,410	1,882,159	61,74
	Neighborhood Services	795,861	881,962	919,731	922,286	2,55
	Public Information Total	591,809 7,246,481	779,232	828,656	884,341	55,68 1,175,20
Chief Operating Officer	Chief Operating Officer	874.450	8,445,539 840,958	9,271,465 961,399	10,446,672 1,008,381	46,98
Criter Operating Cincer	Graphic Arts Department	1,198,976	1,292,205	1,434,753	1,472,352	37,59
	Health Insurance	67,241,353	75,011,348	81,300,000	89,430,000	8,130,00
	Human Resources	2,340,793	2,560,428	2,716,053	2,752,906	36,85
	Labor Relations	823,849	897,349	1,043,455	955,920	-87,53
	Management & Information Svs	6,939,708	9,081,634	9,264,858	10,830,102	1,565,24
	Management Fund	207,092	225,000	225,000	225,000	
	Unemployment Compensation	34,111	15,659	50,000	50,000	
	Workers' Compensation Fund	3,644,867	4,290,992	3,400,000	3,400,000	0.700.44
Chief Financial Officer	Total	83,305,199 4,838,585	94,215,573 5,061,740	100,395,518	110,124,661	9,729,14
Chief Financial Officer	Assessing Department Auditing Department	1,519,550	1,481,524	5,396,692 3,982,331	5,514,408 3,558,544	-423.78
	Budget Management	2,326,688	2,596,867	2,298,868	2,282,261	-16,60
	Execution of Courts	7,904,040	8,101,946	4,100,000	4,100,000	,
	Medicare Payments	2,781,573	2,928,601	2,971,550	3,113,783	142,23
	Pensions & Annuities	6,175,786	6,300,000	6,300,000	6,300,000	
	Purchasing Division	1,113,303	1,088,748	1,142,615	1,149,149	6,53
	Taxpayer Referral & Assistance	0	364,369	427,187	441,180	13,99
	Treasury Department	3,517,359	3,447,204	3,655,598	2,885,115	-770,48
	Total	30,176,884	31,370,999	30,274,841	29,344,440	-930,40
Public Safety	Fire Department	109,647,370	115,911,697	115,938,472	117,414,449	1,475,97
	Police Department	187,166,958	194,218,469	204,006,691	213,446,183	9,439,49
Education	Boston Public Schools	296,814,328	310,130,166 543,372,457	319,945,163	330,860,632	10,915,46 12,795,31
Education	Total	507,171,998 507,171,998	543,372,457	579,202,932 579,202,932	591,998,242 591,998,242	12,795,31
	Boston Redevelopment Authority	0	0	0	725,000	725,00
Economic Development	Boston Residents Job Policy	308,178	397,893	418,929	421,334	2,40
Zoonomio Botolopinom	Minority/Women Business	464,216	532,981	544,888	608,759	63,87
	Special Events & Tourism	1,001,704	1,642,751	1,614,303	1,794,255	179,95
	Total	1,774,098	2,573,625	2,578,120	3,549,348	971,22
Basic Services	Central Fleet Maintenance	2,630,210	1,626,522	1,811,745	1,949,151	137,40
	Consumer Affairs & Licensing	373,040	390,754	403,201	452,602	49,40
	Election Department	2,795,562	3,045,666	3,629,505	3,195,741	-433,76
	Library Department	24,515,161	27,416,387	28,000,880	26,448,215	-1,552,66
	Parks & Recreation Department	11,260,046 13,242,068	12,481,942	13,203,670 15,927,395	13,259,101 16,745,485	55,43 818,09
	Property Management Public Works Department	56,564,608	14,858,005 59,393,800	63,584,347	63,955,960	371,61
	Registry Division	746,795	798.528	831,367	828,265	-3,10
	Snow Removal	4,764,996	7,468,963	4,392,536	4,405,561	13,02
	Youth Fund	5,241,629	4,883,153	6,248,170	6,391,738	143,56
	Total	122,134,115	132,363,720	138,032,816	137,631,819	-400,99
Environmental Services	Environment Department	715,671	884,004	914,596	943,723	29,12
	Inspectional Services Dept	10,054,527	11,142,824	11,691,364	12,042,888	351,52
	Transportation Department	21,753,987	25,174,085	27,049,340	27,815,327	765,98
	Total	32,524,185	37,200,913	39,655,300	40,801,938	1,146,63
Human Services	Boston Community Centers	11,969,484	13,659,577	14,704,501	14,819,160	114,65
	Civil Rights	275,186	278,949	465,970	466,461	49
	Community Partnership	1,433,667	1,488,910	1,717,036	1,584,269	-132,76
	Cultural Affairs	486,987	557,278 2,222,019	750,196 2,503,749	1,028,374 2,500,714	278,173 -3,033
	Elderly Commission Emergency Shelter Commission	2,144,844 385,094	412,701	587,191	595,262	8,07
	Veterans Services Department	2,070,614	2,138,566	2,539,799	2,565,825	26,02
	Women's Commission	129,050	142,705	154,315	158,662	4,34
	Total	18,894,926	20,900,705	23,422,757	23,718,727	295,97
Neighborhood Development	Neighborhood Development	4,417,630	3,483,928	4,727,881	4,691,094	-36,78
	Rental Housing Resource Center	725,760	731,264	783,950	798,301	14,35
	Total	5,143,390	4,215,192	5,511,831	5,489,395	-22,43
Public Health	Public Health Commission	66,677,610	53,502,504	58,212,620	61,325,456	3,112,83
	Total	66,677,610	53,502,504	58,212,620	61,325,456	3,112,83
Non-Mayoral Departments	City Clerk	810,190	773,809	836,080	834,710	-1,37
	City Council	2,751,027	3,070,633	3,330,986	3,490,710	159,72
	Finance Commission	162,886	175,740 523,683	173,710 551,416	185,592 619,119	11,88 67,70
	Licensing Board	454,803 1 722 766	523,683 1 779 490	551,416 0	0	67,70
	Registry of Deeds	1,722,766 6,588,310	1,779,490 5,584,200	5,854,066	6,029,688	175,62
				0.004,000		110,02
	Suffolk County Sheriff's Dept  Total	12,489,982	11,907,555	10,746,258	11,159,819	413,56

#### PERSONNEL CHANGES

The following table shows a four year comparison of city funded full-time equivalent (FTE) positions. (This includes both permanent and emergency employees.) The numbers used for FY01 are estimates based on the current level of employees, current vacancies that are expected to be filled, as well as any plans for new positions.

FY99- FY00 Changes The total net increase of 112 positions from January 1, 1999 to January 1, 2000 was largely due to the increase of 179 positions in the school department. The Basic Services cabinet shows a decrease in FTE's between the two years. The Library Department and Public Works combined show a decrease of 29 positions, mostly due to a timing issue. Both departments had a number of vacant positions on January 1, 2000 that have been, or will be, filled during FY00.

FY00-FY01 Changes – The City expects to have minimal FTE growth between FY00 and FY01. The majority of the increase is in the Basic Services Cabinet as essential positions, vacant on January 1, 2000, in Public Works and the Library Department are filled.

The number of positions in the Mayor's Office cabinet is expected to increase in FY01. That increase is expected to occur mainly in the Law Department. The department will assume the legal services portion of the School Department in FY01. The Law Department is also aggressively recruiting to fill current vacancies.

In the Chief Operating Officer's cabinet, most of the increase of 5.5 is the result of increased staffing in the Management & Information Services Department. The department is seeking to strengthen its technical support staff and better serve the expanding technological needs of other departments, as well as provide support for the BAIS project.

Almost half of the projected increase in Finance Cabinet positions from January 1, 2000 to January 1, 2001 is the result of expected hiring in the Purchasing Department and reflects the filling of positions vacant on January 1, 2000 (including the position of Purchasing Agent).

In the Environment Cabinet, the Inspectional Services Department will fill current vacancies for building inspectors.

The numbers of Public Safety, Education, Neighborhood Development and Public Health positions are expected to remain relatively stable in FY01.

The increase of 5 in the Human Services departments is mostly the result of filling current vacancies, although Community Partnerships is expected to add one new position.

Office of the Mayor  Chief Operating Officer	Boston 2 to 6 Intergovernmental Relations Law Department Mayor's Office Neighborhood Services Office of New Bostonians Public Information	1/1/98 FTE - 10.0 45.0 27.5 19.0	1/1/99 FTE 3.0 10.0 46.0 27.5	1/1/00 FTE 5.0 10.0	1/1/01 Projected 6.0 10.0	Projected Inc/(Dec)
	Intergovernmental Relations Law Department Mayor's Office Neighborhood Services Office of New Bostonians Public Information	10.0 45.0 27.5	3.0 10.0 46.0	5.0 10.0	6.0	
	Intergovernmental Relations Law Department Mayor's Office Neighborhood Services Office of New Bostonians Public Information	45.0 27.5	10.0 46.0		10.0	
Chief Operating Officer	Law Department Mayor's Office Neighborhood Services Office of New Bostonians Public Information	27.5			10.0	-
Chief Operating Officer	Mayor's Office Neighborhood Services Office of New Bostonians Public Information		27.5	43.0	51.0	8.0
Chief Operating Officer	Neighborhood Services Office of New Bostonians Public Information	19.0	21.5	28.0	28.0	-
Chief Operating Officer	Public Information		19.5	20.5	22.0	1.5
Chief Operating Officer	Tota	14.5	17.5	17.5	18.0	0.5
Chief Operating Officer			123.5	124.0	135.0	11.0
	Chief Operating Officer	11.5	9.5	9.0	9.0	-
	Graphic Arts	39.0	37.0	38.5	38.0	(0.5)
	Human Resources	34.0	51.5	53.5	55.0	1.5
	Labor Relations	11.0	11.0	12.5	12.5	-
	Management Info Svcs	72.0	82.0	83.0	87.5	4.5
	Workers' Comp Service	11.5			-	
	Tota		191.0	196.5	202.0	5.5
Chief Financial Officer	Assessing Department	95.0	92.0	91.0	92.0	1.0
	Auditing Department	31.5	51.5	58.0	60.0	2.0
	Budget Management	33.0	27.0	30.0	30.0	-
	Purchasing Division Retirement Board	22.0	21.0	18.0	21.0	3.0
	Taxpayer Referral & Assistance		10.0	10.0	10.0	-
	Treasury Department	59.5	59.5	54.5	55.0	0.5
	Tota	al 241.0	261.0	261.5	268.0	6.5
Public Safety	Fire Department	1,734.5	1,755.5	1,730.0	1,720.0	(10.0)
rubiic Salety	Police Department	3,000.5	3,024.5	3,005.0	3,010.0	5.0
	Tota	4,735.0	4,780.0	4,735.0	4,730.0	(5.0)
Education	School Department	7,704.8	8,052.0	8,230.7	8,225.7	(5.0)
Luucauon	Tota	7,704.8	8,052.0	8,230.7	8,225.7	(5.0)
<b>Economic Development</b>	Minority/Women Business	8.0	8.0	8.0	8.0	-
Leonomic Development	Office of Boston RJP	8.0	9.0	9.0	10.0	1.0
	Special Events & Tourism	10.0	9.0	8.0	10.0	2.0
	Tota	al 26.0	26.0	25.0	28.0	3.0
Basic City Services	Central Fleet Maintenance	-	47.0	45.0	45.0	-
Dasic Oity Colvides	Consumer Affairs & Licensing	8.5	8.5	8.5	9.5	1.0
	Election	54.3	57.9	64.2	64.2	-
	Library Department	529.0	559.7	541.4	555.0	13.6
	Parks and Recreation	238.5	244.0	235.5	236.5	1.0
	Property Management	239.0	277.0	271.0	275.0	4.0
	Public Works Department	479.0	420.5	409.5	430.0	20.5
	Registry Division	21.5	21.5	20.5	21.5	1.0
	Youth Fund	1.0	1.0	2.0	5.0	3.0
	Tota	al 1,570.8	1,637.1	1,597.6	1,641.7	44.1
<b>Environmental Services</b>	Environment	15.0	13.0	15.0	16.0	1.0
	Inspectional Services	202.0	222.5	223.5	230.5	7.0
	Transportation	402.5	379.0	441.5	440.0	(1.5)
	Tota		614.5	680.0	686.5	6.5
Human Services	Civil Rights	6.5	7.5	6.5	8.5	2.0
	Community Centers	387.0	378.5	383.5	383.5	-
	Community Partnerships	8.0	8.0	11.0	12.0	1.0
	Cultural Affairs	8.0	6.0	9.5	9.5	-
	Elderly Commission	61.5	59.5	58.0	60.0	2.0
	Emergency Shelter	4.0	4.0	6.0	6.0	-
	Veterans Services	17.5	19.0	17.0	17.0	-
	Women's Commission	2.5	2.0	3.0	3.0 <b>499.5</b>	5.0
	Tota		484.5	494.5	115.0	5.0
Neighborhood Development	Neighborhood Development	125.0	113.5	115.0		-
	Rental Housing Resource Center		16.5	15.5	15.5	
	Tota		130.0	130.5	130.5	
Public Health	Public Health Commission	726.3	741.0	731.7	731.7	
	Tota		741.0	731.7	731.7	
Non-Mayoral	City Clerk	15.0	14.0	15.5	15.5	-
	City Council	60.5	67.0	66.5	66.5	-
	Finance Commission	3.0	4.0	4.0	4.0	-
	Licensing Board	10.0	10.0	11.0	11.0	-
	Registry of Deeds	53.0	56.0	-		-
	Sheriff's Department			-	07.0	-
	Tota		151.0	97.0	97.0	74.0
Grand Total		16,696.4	17,191.6	17,304.0	17,375.6	71.6

### **EXTERNAL FUNDS**

Supplementing the services that are provided by the City's \$1.691 billion general fund budget is approximately \$339.6 million in external funds. These funds consist mostly of federal, state and private funding earmarked for specific purposes. Education, housing, economic development, health, and corrections are some of the largest areas for which these funds are targeted.

Twenty-two departments receive federal, state or other forms of external funding. Since there are hundreds of grants and many of them are small, the focus here is on the largest grants. Approximately 95% of the City's external funds are found in six of the twenty-two departments. These six departments are the School Department, Neighborhood Development, Sheriff's Department, Public Health Commission, Library Department, and Police Department. Other departments that also have significant grant funding are the Elderly Commission and the Transportation Department. Descriptions and amounts for grants by department can be found in Volumes II and III.

State funding provided for the Central Artery / Third Harbor Tunnel (CA/T) related City services is not mentioned below because this significant amount of funding is diffused among several City departments. As the purpose of the CA/T funding is project-specific, the duration of this funding will not go beyond the project itself. Departments providing the most significant CA/T-related services are Transportation, Fire, Police and the Public Health Commission. The City has a current agreement with the State's Central Artery/Tunnel Project on a four year budget extension that runs through June 30, 2003. The City's funding for that fouryear period reflects a significant reduction as the project heads toward completion with limited resources. Each of the City departments involved in

the project have been given a funding allocation plan for those four years so that longer term budget planning can take place in a timely manner. Note: FY99 external fund expenditures for the School Department differ from those shown in Volume II due to timing differences between the City's Auditing Department and the School Department as to what period grant expenditures are reported. Volume I expenditures are those as reported by the Auditing Department.

#### **Federal and State Grants**

Some of the larger federal grants received by the City have been a vital source of funding for many years. For example, in education, the School Department is expected in FY01 to receive \$24.4 million in Title I entitlement, a grant that the City has been receiving for a number of years. This funding has supplemented education programs in schools with significant populations of low-income students. The City has also received for many years Community Development Block Grant (CDBG) funding for a variety of neighborhood development activities. Other sources of federal funding received by the City address diverse needs and/or creative approaches such as community policing, housing support for the homeless, and investment in the City's empowerment zone.

State grant funding for the City has grown most significantly over the last few years in the area of corrections. In FY94, the state funded approximately 74% of the Suffolk County Sheriffs budget. By FY99 the amount was 93.125% of a growing budget. Over the long-term, state support for the City's Library system has also grown. The state's largest contribution for local services is in the area of K-12 education. However, most of this funding is direct to the City's general fund in which the major requirement relates to a minimum general fund

	External Fund	us	
	FY99 Expenditure	FY00 Estimated	FY01 Estimated
Boston Public Schools	82,891,085	96,718,696	98,969,082
Neighborhood Development	97,543,622	83,377,328	83,754,180
Suffolk County Sheriff	71,188,622	83,583,743	90,277,402
Public Health Commission	28,054,857	29,245,938	34,411,279
Library Department	9,568,604	9,311,801	9,173,782
Police Department	11,375,590	10,999,788	6,323,010
Other	18,598,704	20,528,532	16,716,272
	319,221,084	333.765.826	339.625.007

school budget. For FY01, the state is projected to distribute \$197.5 million to Boston directly to the City's general fund in Chapter 70 educational reform aid.

A description of the largest federal and state supported programs in the six departments managing the bulk of the City's external fund resources is given below.

# Neighborhood Development

The Community Development Block Grant (CDBG) is a sizeable annual grant from the U.S. Department of Housing and Urban Development (HUD) to the City of Boston designed to fund a variety of neighborhood development activities. The City expended approximately \$33.3 million in CDBG funding in FY99, and estimates spending \$32.6 million in FY00 and \$34.4 million in FY01. At least 70% of CDBG funds must be used to benefit low and moderate-income households. CDBG funds are used to produce and preserve affordable housing, revitalize neighborhood commercial districts, assist the renovation of non-profit facilities, improve vacant lots, promote and monitor fair housing activities, and assist non-profit organizations in the operation of emergency shelters, health care, youth and adult literacy programs. CDBG funds cannot be used for general government services and cannot replace funding cuts from existing public service activities. CDBG funding is also being utilized as a security for Section 108 loans.

Emergency Shelter Grant/Shelter Plus Care/Supportive Housing - Level funding is expected in FY01 for these three federally funded grants, administered by HUD. FY00 funding will be \$17.2 million while another \$17 million is expected for FY01. Funding decisions on these three competitive grant applications will be announced in the fall. The Emergency Shelter Grant supports the development and operations of emergency shelters for the homeless. The Shelter Plus Care grant program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and AIDS. Other federal, state or local sources provide the support services that must match the value of the rental assistance. The Supportive Housing Program provides service, operating and/or capital funds for a broad range of housing and social service projects. The program requires that applicants match the amount of supportive housing acquisition and development funds requested with an equal amount of funding from other sources.

HOME Investment Partnership - The HOME Partnership Program is a grant from HUD to support the development of affordable housing. The City expended \$6.6 million in this program in FY99 and estimates spending \$7.3 million in FY00. Projected spending for FY01 is \$6.6 million. Eligible activities include new construction or rehabilitation of housing, tenant-based rental assistance for up to two years, and assistance to first-time home buyers. All HOME funds must be used to benefit low and moderate-income households. Fifteen percent of HOME funds are set aside for projects sponsored by Community Housing Development Organizations and five percent is set aside for operating costs for Community Housing Development Organizations.

Section 108 Loan Project/Economic Development Initiative - Section 108 funds are available to eligible cities from HUD on an application basis. The City, through a pledge of its current and future CDBG grant awards, secures Section 108 funds. These funds can only be used for economic development projects. The Economic Development Initiative Program is a special HUD program that makes available grants to cities to spur economic opportunity. This initiative also promotes community development through a long-term strategy: a) establishing community-based partnerships; b) training residents for new job opportunities; c) developing a plan for responding to community needs by integrating economic, physical human, and other strategies. The City received two multi year grants of \$22 million each for these two programs for use within the Empowerment Zone. All of these funds will be committed by June 30, 2000. (Another \$3 million was reserved for social service activities in the Empowerment Zone). The funds are used to assist new or existing smaller scale neighborhood commercial enterprises and larger scale commercial and/or industrial development projects. These funds must be used to lower the cost or lower the risk to the City on Section 108 loans made to eligible economic development projects. Spend down of these funds has been spread over the past several years.

#### School Department

The School Department's FY01 general fund budget of \$592 million is supplemented with approximately \$99 million in external funds. There are four main categories of funding: formula grants, competitive grants, reimbursements and other (private resources for the most part). Title I Entitlement and the School Lunch Reimbursement

program are the two largest external funding items and make up the bulk of federal support.

Community Partnerships for Children - The Community Partnerships Program funding is the largest competitive grant received by the School Department. This is a State program to create an early education system in the City of Boston with Head Start Centers, Private Day Care Center, and Family Based Day Care. The amount budgeted by the School Department for this program is \$13.25 million and \$14.7 million in FY00 and FY01, respectively.

Chapter 636 Aid - The City has for a number of years been receiving Chapter 636 funding in order to address desegregation challenges in the area of Equal Education Improvement and Magnet Schools. The City received approximately \$5.3 million in Chapter 636 aid in FY00. However, the state has discontinued Chapter 636 Aid for FY01.

Class Size Reduction - The School Department expects to receive \$3.84 million in FY01 from a federal grant program to increase staff in the class-rooms – an increase of about \$300.000 from the initial grant received in FY00. In FY01, the City will also receive a class size reduction grant from the state in the amount of \$4.1 million.

Title I Entitlement - This federal program supplements education in schools with significant populations of low-income students. This key source of funding for the Boston Public Schools makes up a large portion of the federal formula grant funding received. The School Department estimates spending levels for this program in FY00 and FY01 of \$24.1 million and \$24.3 million, respectively.

School Lunch - The School Lunch program, administered by the Department of Agriculture, reimburses local school districts on a per meal basis for the costs of breakfasts and lunches for low-income students. The School Department has budgeted this federally funded reimbursement program at \$19.5 million for FY00 and \$20.6 million for FY01.

SPED 94-142 Entitlement - This is a federal formula grant in support of special education programs. The amount budgeted by the School Department in this program area for FY00 and FY01 is \$7.45 million and \$8.63 million, respectively.

#### Public Health Commission

Boston Healthy Start - The purpose of this project is to develop a comprehensive needs assessment

and carry out a service plan to address those factors most affecting infant mortality in the City of Boston. Three project areas consist of those census tracts found to have both the highest numbers of infant deaths and the highest infant mortality rates in the City. Overall the City has experienced significant improvement in this health area. The City's level of funding for this program for FY00 is \$2.5 million; in FY01 the Public Health Commission projects to receive a similar amount.

Ryan White Care Act - This funding supports delivery or enhancement of HIV-related outpatient and ambulatory health and support services and inpatient case management services that prevent unnecessary hospitalization or that expedite discharge, when medically appropriate, from inpatient facilities. The estimated level of spending for this federally funded program is \$12.1 million for FY01.

Shelter: Long Island and Long Island Annex - This project provides homeless services in the form of shelter, food, clothing, health care, and social services for up to 360 homeless adult men and women. Of the 360 beds, 50 beds are reserved for women, 310 beds are reserved for men and one room for families in crisis. Guests arrive at the shelter via shuttle bus from the Boston Medical Center campus. In addition, the Public Health Commission receives state funding for the annex at Long Island Shelter. This funding provides homeless services for 100 homeless clients nightly, including food, shelter, case management, and health care. Overall, projected external funding for homeless services in the Public Health Commission budget for FY01 totals \$8.5 million.

#### Police Department

The Police Department's grant funding on both the federal and state level has focused most upon adding police officers and community policing.

Cops Universal Hiring and Universal Hiring 2 - These federal programs, awarded by the Office of Community Oriented Policing Services, help support the cost for a total of 65 police officers. This funding helps support the neighborhood-policing program. The total cost supported by these two grants was \$1.6 million in FY99 while estimated expenditures for FY00 are \$1.3 million. For FY01 the Department has estimated funding from the Universal Hiring 2 grant only at \$625,000.

BJA Block Grants - This federal program is awarded by the Bureau of Justice for the purpose of reducing crime and improving public safety through the purchase of police equipment, the use of police overtime, and to support community partnerships for community policing. The spending for this program was \$3.6 million in FY99, and is estimated to be \$3.2 million in FY00 and \$1.9M in FY01.

Judicial Oversight Demonstration Initiative - These funds, made available through the Violence Against Women Act and awarded by the U.S. Department of Justice, are being used to increase offender accountability and improve victim safety through the development and implementation of the Dorchester Domestic Violence Court. Spending from this grant is expected to be about \$615,000 in FY00 and \$1.38 million in FY01.

Overall, the level of support from the federal government for local crime control has increased significantly during the past few years. Total projected spending for all grants in FY01 is conservatively estimated at \$6.3 million (includes only grants that are definite) and is likely to exceed this amount. The nature of the grant programs has tended to be short-term funding that runs its course and serves its purpose and is then supplanted by new programs.

# Sheriff's Department

State funding for the Sheriff's Department is mainly composed of direct funding for the operation of the department from the state's general fund. A relatively small additional piece of funding comes from Suffolk County's portion of the state deeds excise tax.

Over time, the state has shifted the various costs of running counties from the municipalities to the state. This began in the 1970s when the cost of courthouse employees was shifted to the state. In 1985, the only courthouse employees not included in the earlier shift, the maintenance workers, became state employees. Due to the burden of an increasing jail population statewide, the state committed during the 1980s to building new jails and renovating current jails in order to expand the number of cells statewide. Thus, the Suffolk County's two old and relatively dilapidated jails were replaced with new and larger facilities. The construction costs were fully paid for by the state. The state also committed to cover, at a minimum, the growing costs of corrections for municipalities beyond the 2.5% growth that could be managed with allowable property tax growth. Over time, this meant the state was covering a larger and larger portion of the county corrections cost. For Suffolk

County, this has culminated with the state covering over ninety percent of the Sheriff's Department's expenses since FY97.

Direct state funding for the two jails operated by the Sheriff's Department has increased from \$40.6 million in FY94 to \$54.1 in FY96 to \$76.6 million in FY00. Direct state funding for FY01 is estimated at \$84.7M. This funding is further supplemented by \$6 million in FY00 and \$5 million projected in FY01 in deeds excise revenue.

#### Library Department

Total funding for the following three state grant programs is estimated at \$7.5 million for FY00 and \$8.0 million FY01.

Library of Last Recourse - The Library of Last Recourse provides reference and research services for individual residents of the Commonwealth at the Boston Public Library through developing, maintaining, and preserving comprehensive collections of a research and archival nature to supplement library resources available throughout Massachusetts. The Library maintains the personal resources, expertise, and bibliographic skills needed to develop and provide access to reference and research collections.

Boston Regional Library - The Boston Regional Library System Program (BRLS), which has replaced the Eastern Regional Library System, is a cooperative organization of 105 public, academic, school and special (government, medical, non-profit, and corporate) libraries in the cities of Boston, Malden and Chelsea. Headquartered at the Boston Public Library, BRLS supports enhanced reference and information services, interlibrary loan and journal document delivery, continuing education and staff development, consulting on library operations and a variety of cooperative programs. The BRLS operates under a cost reimbursement agreement granted by the Commonwealth of Massachusetts Board of Library Commissioners.

State Aid to Libraries - This funding is provided by the Commonwealth of Massachusetts Board of Library Commissioners to the Trustees of the Public Library of the City of Boston annually. The Library is required to meet certain minimum standards of free public library service established by the Board to be eligible to receive the grant.

### **FY01 - FY02 BUDGET PLAN**

#### Introduction

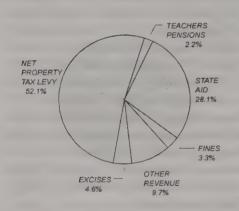
In the FY97 Budget, a two-year financial projection was presented for the first time. While statutorily the City must maintain an annual budget process subject to the appropriating authority of the City Council, the second year projection provides a useful context for these decisions.

In projecting the City's operating budget for FY02, the issue of state aid stands out as the most critical. FY00 is the last year of the statutorily established funding schedule for education reform. There has yet to be established a post-FY00 funding schedule. This leaves the City without a clear picture of the size of its Chapter 70 Education aid for FY02.

The Adopted Budget for FY01 has been based on the most current available revenue picture. The FY02 plan reflects the best estimate of revenues as well as projecting the major components of expenditures given current policy and cost trends.

#### Revenue Trends

The following pie chart displays the breakdown of revenue projected for FY02. (Figure 7.)



**FY02 Estimated Revenue** 

Numbers may not add to 100% due to rounding

Figure 7

Major revenue trends for FY02 include:

Property Tax Levy: The 2.5% increase and a projected \$30.0 million of new growth will result in \$49.6 million in additional tax levy.

Excises: Excises are expected to increase \$3.1 million or 4.0%, reflecting continued strong motor vehicle excise receipts due to a strong new car market.

Fines: Parking fine revenue is expected to increase \$0.4 million or 0.8%. Additionally, a moderate increase in code enforcement fines of \$0.05 million or 25% is expected as a result of increased collection efforts.

Interest on Investments: Interest income is expected to increase \$1.5 million or 7.5%.

Payments in Lieu of Taxes: With no new agreements expected, PILOT revenue should increase \$0.6 million or 2.7%. This increase essentially captures the inflation in the current agreements.

Chapter 121A: Increases in payments are expected to total \$0.6 million or 1.5%.

Miscellaneous Department Revenue: Projected from historical trends and conservative economic assumptions, miscellaneous department income should increase slightly from FY01 expected receipts.

Licenses and Permits: Driven by a strong increase of \$3.0 million in building permits, we expect a \$3.2 million or 13.2% increase in FY02.

Penalties & Interest: Projected to be up slightly in FY02.

Available Funds: A small increase from FY01 of \$32 million is expected in FY02.

State Aid: Projected to increase \$13.2 million or 2.7% due to large increases in charter school tuition offset by only modest expected increases in Chapter 70 education aid and charter school reimbursements. Additionally, an educational reimbursement of \$7.0 million by the state, in accordance with the terms of the Quinn Bill, is expected. Note, the City's lottery distribution in FY02 will reflect only profit growth in the lottery.

Teachers' Pension Reimbursement: A small increase in FY02 is based on the reimbursement arrangement with the state and is reasonably predictable.

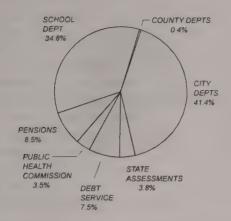
Non-Recurring Revenues: For FY02, as in FY01, \$1 million will be applied to the risk retention reserve through a transfer from the surplus property fund.

Total revenues in FY02 are projected to increase by \$80.2 million, or 4.7% over FY01 budget projections. This increase is based on conservative revenue estimates and a concern that the economy may

not be able to sustain its current level of growth for the 21 months from today to the end of FY02.

# **Expenditure Trends**

The following pie chart displays the allocation of expenditures projected for FY02. (Figure 8.)



# **FY02 Estimated Expenditures**

Numbers may not add to 100% due to rounding

Figure 8

Major expenditure trends for FY02 include:

City Departments: With no long-term program increases on the horizon, the major impacts on City department appropriations are collective bargaining and inflation. Based on current revenue projections for FY02 and the uncertainty of the level of Chapter 70 Education Aid, along with the increases projected for FY02 fixed costs, City Departments in total will be limited to a 3% increase over FY01 appropriations. Any cost of living increases included in future collective bargaining agreements will have to be negotiated with this fact in mind. A big unknown is still the impact of the educational incentive provision (the Quinn Bill) in Police Department contracts. Inflationary cost increases are particularly significant for large contractual service items in basic city services such as trash removal and alterations and repair contracts, for utilities costs, and employee health benefits.

Public Health Commission: Projecting public health services and EMS at current levels, the City's net subsidy to the PHC is projected to increase 2.3% over the FY01 adopted Budget. Due to the non-operational costs included in PHCs budget such as health benefits and pension costs the city

will need to evaluate the feasibility of that 2.3% during the FY02 budget formulation process.

County Departments: Again, the City's position regarding the proposed state takeover of county functions argues for equalizing the local effort to 5%. the same as the state-wide average for other counties. Pending resolution of this issue at the state level, the FY02 projection conservatively assumes a 3% increase in this appropriation, but this is one item that is out of the control of City management.

School Department: Programs with multi-year planning horizons are included in the FY01 budget contributing to a projected 4% increase for FY02. Collective bargaining is ongoing with the Boston Teachers Union. A final settlement will have a major impact on the FY02 budget. Although projected to be slight in FY01, the continued gradual increase in enrollment will carry a per student cost increase. Funding of ongoing initiatives such as the Comprehensive Literacy and Math Initiative, reductions in student-teacher ratios, support for the Technology Initiative and bus purchases are factored in, as are inflationary impacts.

The total appropriations for departmental services under these parameters would increase by \$46.6 million in FY02 over the Adopted Budget for FY01.

Fixed Costs: Given that the pension funding schedule for the current city payroll, the debt service policies followed in the City's capital plan, and mandated state assessments are known, fixed costs can be predicted fairly accurately. In FY02, these costs will increase by \$33.5 million or 8.7%, led by a \$14.1 million or 10.3% increase in pension costs and a \$17.6 million or 15.3% increase in debt service due to larger borrowings to fund school construction and other capital projects.

Bottom line: Under these scenarios, the City's Operating Budget would remain balanced.

#### Planning a Balanced Budget

Preparing a two-year planning horizon is useful because it provides time to make adjustments to relieve the cost pressures on certain services. It also promotes cost-saving or new programming alternatives to improve the financial position projected in the second year, and helps us to monitor changes in assumptions as new needs or innovations present themselves.

Much of the City's budget remains fairly stable vear-to-year, but variances as little as 1% could add

up to a \$17 million problem in the bottom line. Common areas of variance are snow removal, with year-to-year swings of millions of dollars; legal settlements, which the City attempts to reserve for but may need to absorb on a pay-as-you-go basis; public safety overtime, particularly if a significant event occurs (when the Red Sox win the championship, for example) or dignitaries visit the City; or an outside source of funding which is suddenly eliminated for an essential need.

The City's fiscal controls are effective in reducing the chance for an unmanageable deficit. Managing position vacancies through the Office of Budget Management and the COO Office ensures that justifications to add personnel fit within the City's fiscal parameters. The implementation of the City's new financial and human resources information system (BAIS) will raise the level of systematic controls that can be used to project and plan for personnel funding requirements.

#### Conclusion

This two-year overview is provided as a guide to understand the impacts of the decisions presented in the Adopted Budget, and to provide a framework for future initiatives and financing proposals. Although it is not statutorily required, it is a useful tool in long-range planning and policy analysis.

From a budget planning and management standpoint, the parameters summarized here are being built upon through an interactive forecast model with key departments, to allow the development of multi-year scenarios for individual departments' operations, set within the financial constraints affecting the City's overall budget

# CITY OF BOSTON BUDGET SUMMARY

(Dollars in Millions)

	FY01	FY02
	Budget	Projected
REVENUES		
Property Tax Levy	915.40	968.28
Overlay Reserve	(43.59)	(46.11)
Excises	78.05	81.17
Fines	58.43	58.93
Interest on Investments	20.00	21.50
Payments In Lieu of Taxes	21.20	21.77
Urban Redevelopment Chapter 121A	37.94	38.51
Misc. Department Revenue	31.38	37.49
Licenses and Permits	24.35	27.57
Penalties & Interest	11.65	11.95
Available Funds	11.68	12.00
State Aid	484.94	497.94
Teachers Pension Reimbursement	39.00	39.40
Total Recurring Revenue	1,690.42	1,770.40
Non-Recurring Revenue	1.00	1.00
Total Revenues	1,691.42	1,771.41
EXPENDITURES		
City Departments	699.00	734.12
Public Health Commission	61.33	62.71
County	6.53	6.72
School Department	592.00	615.68
Reserve for Collective Bargaining	13.74	0.00
Total Appropriations	1,372.59	1,419.23
Pensions	136.79	150.89
Debt Service	114.92	132.47
State Assessments	67.12	68.01
Reserve	0.00	0.80
Total Fixed Costs	318.82	352.17
Total Expenditures	1,691.42	1,771.40
Surplus (Deficit)	0.00	0.00

Numbers may not add due to rounding

**City Council Orders** 

BOSTONIA CONDITA AI 1630.

City Council Orders



# City Council Orders Filed by the Mayor

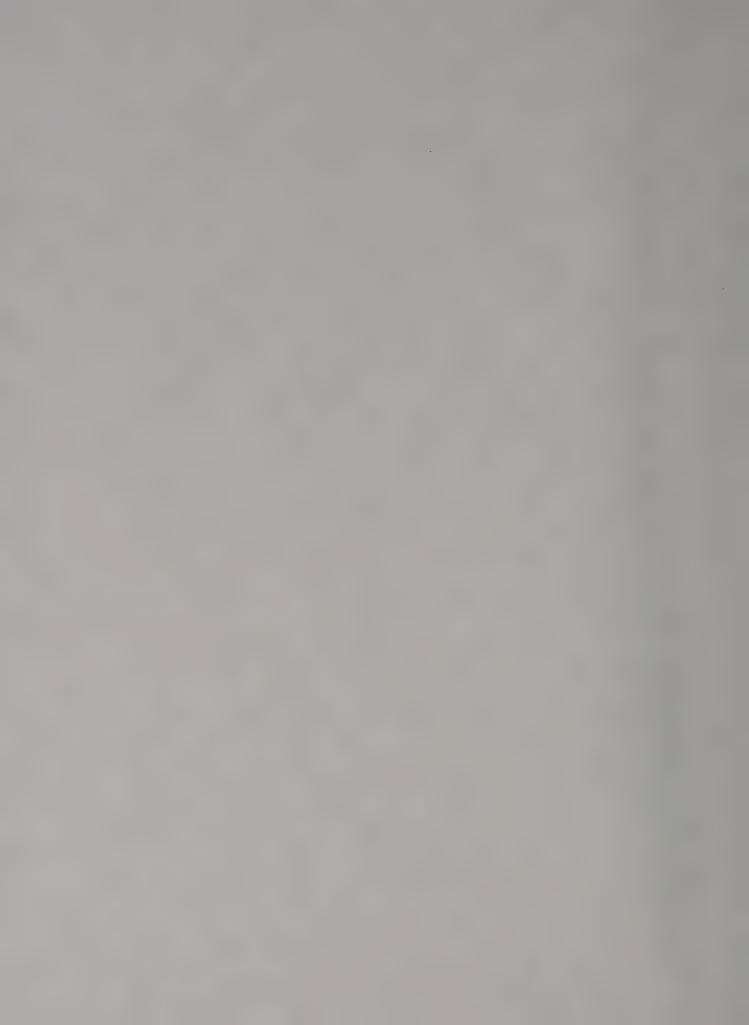
# **Operating Budget Orders:**

- Appropriation and Tax Order for the Fiscal Year 2001
- Appropriation Order for the Boston Public Schools for Fiscal Year 2001

# Capital Plan Orders:

- Ten loan orders authorized under the provisions of Chapter 44 of the General Laws
  - 1. Public Building Construction
  - 2. Public Buildings Remodeling and Repair
  - 3. Public Ways Construction
  - 4. Departmental Equipment
  - 5. Fire Apparatus Repair
  - 6. Fire Alarm/Radio System Communication Installation (currently pending final approval)
  - 7. Boston Redevelopment Authority Plans and Specifications
  - 8. Outdoor Recreational and Athletic Facilities
  - 9. Financial System Hardware and Software (amendment to previous authorization)
  - 10. Computer Hardware and Software
- General Capital Improvements authorized under the provisions of Chapter 642 of the Acts of 1966, as amended
- Seven loan orders authorized under the provisions of Chapter 645 of the Acts of 1948,
   Chapter 642 of the Acts of 1966, as amended and/or Chapter 44, Section 7, Clauses (3) and (3A) for improvements, construction and repairs for various School Projects.

# Lease Purchase Order



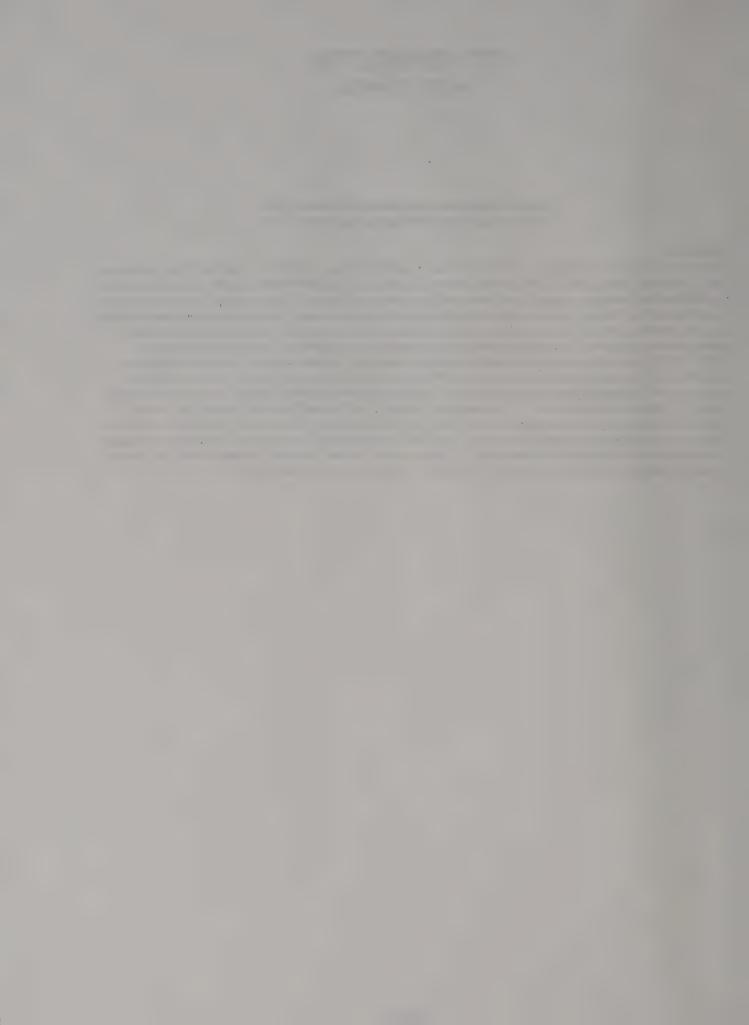
# CITY OF BOSTON

IN CITY COUNCIL

'Appropriation and Tax Order for the fiscal year Commencing July 1, 2000 and ending June 30, 2001

#### ORDERED:

I. That to meet the current expenses of the City of Boston and the County of Suffolk, in the fiscal year commencing July 1, 2000 and ending June 30, 2001, the respective sums of money specified in the schedules hereinafter set out, be, and the same hereby are, appropriated for expenditure under the direction of the respective boards and officers severally specified, for the several specific purposes hereinafter designated and, except for transfers lawfully made, for such purposes only said appropriations, to the extent they are for the maintenance and operation of parking meters, and the regulation of parking and other activities incident thereto (which is hereby determined to be \$10,000,000), being made out of the income from parking meters and, to the extent they are for other purposes, being made out of the proceeds from the sale of tax title possessions and receipts from tax title redemptions in addition to the total real and personal property taxes of prior years collected from July 1, 1999 up to and including March 31, 2000, as certified by the City Auditor under Section 23 of Chapter 59 of the General Laws and the proceeds from the sale of surplus property to be transferred in an amount not to exceed \$1,000,000 pursuant to the provisions of Section 24 of Chapter 190 of the Acts of 1982 as amended by Section 4 of Chapter 701 of the Acts of 1986, and out of available funds on hand July 1, 2000, as certified by the Director of Accounts under said Section 23, and the balance of said appropriations to be raised by taxation pursuant to said Section 23:



Mayor's Office 111 Mayor's Office 116 Boston 2 to 6 150 Intergovernmental Relations 151 Law Department 411 Public Information 412 Neighborhood Services Chief Operating Officer 142 Human Resources 144 Chief Operating Officer 145 Graphic Arts Department 147 Labor Relations			Materials	& Obligations	Equipment	Appropriation	Improvements	improvement	Total
111 Mayor's Office 116 Boston 2 to 6 150 Intergovernmental Relations 151 Law Department 411 Public Information 412 Neighborhood Services Chief Operating Officer 142 Human Resources 144 Chief Operating Officer 145 Graphic Arts Department 147 Labor Relations				all complete to		100000000000000000000000000000000000000	e de la constante de la consta	and the same of th	200
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151 Law Department 411 Public Information 412 Neighborhood Services Chief Operating Officer 142 Human Resources 144 Chief Operating Officer 145 Graphic Arts Department 147 Labor Relations	593,855	198,338	8,000	133,409	0	0	0	0	933,602
411 Public Information 412 Neighborhood Services Chief Operating Officer 142 Human Resources 144 Chief Operating Officer 145 Graphic Arts Department 147 Labor Relations	2,951,860	2,085,828	64,731	27,099	127,698	0	0	0	5,257,216
412 Neighborhood Services  Chief Operating Officer 142 Human Resources 144 Chief Operating Officer 145 Graphic Arts Department 147 Labor Relations	791,091	49,600	36,400	1,750	2,500	0	0	0	884,341
Chief Operating Officer 142 Human Resources 144 Chief Operating Officer 145 Graphic Arts Department 147 Labor Relations	818,986	80,200	23,100	0	0	0	0	0	922,286
142 Human Resources 144 Chief Operating Officer 145 Graphic Arts Department 147 Labor Relations									
	2,450,448	183,063	31,440	70,398	17,557	0	0	0	2,752,906
145 Graphic Arts Department 147 Labor Relations	795,661	206,220	3,000	200	3,000	0	0	0	1,008,381
147 Labor Relations	1,118,283	213,700	6,800	23,569	0	110,000	0	0	1.472.352
	684,046	222,277	12,800	15,347	21,450	0	0	0	955,920
148 Health Insurance	0	0	0	89,430,000	0	0	0	0	89.430.000
149 Management & Information Svs	5,102,379	1,069,895	210,950	2,560,698	786,180	1,100,000	0	0	10,830,102
175 Management Fund	0	0	0	0	0	225,000	0	0	225,000
	50,000	0	0	0	0	0	0	0	50,000
341 Workers' Compensation Fund	0	0	0	0	0	3.400.000	0	0	3.400.000
Chief Financial Officer								,	
131 Auditing Department	3,317,585	162,618	27,500	16,570	34,271	0	0	0	3.558.544
134 Taxpayer Referral & Assistance	375,730	31,000	31,000	1,450	2,000	0	0	0	441.180
136 Assessing Department	4,410,156	512,600	52,750	410,802	128,100	0	0	0	5,514,408
137,138 Treasury Department	2,365,900	160,520	334,018	18,750	4,927	1,000	0	0	2,885,115
139 Medicare Payments	3,113,783	0	0	0	0	0	0	0	3,113,783
141 Budget Management	1,424,440	804,600	10,400	14,200	28,621	0	0	0	2,282,261
143 Purchasing Division	961,934	128,700	30,000	1,600	19,415	7,500	0	0	1,149,149
	0	0	0	0	0	4,100,000	0	0	4,100,000
374 Pensions & Annuities - City	5,800,000	0 .	0	0	0	0	0	0	5,800,000
Public Safety									
, to	184,627,015	11,572,262	6,425,172	3,482,635	7,339,099	0	0	0	213,446,183
	105,604,393	4,080,700	3,324,400	2,121,995	2,282,961	0	0	0	117,414,449
Economic Development									
156 Minority/Women Business	424,259	178,000	5,500	1,000	0	0	0	0	608,759
157 Boston Residents Job Polcy	419,084	200	1,500	250	0	0	0	0	421,334
171 Boston Redevelpment Authority	0	0	0	0	0	725,000	0	0	725,000
415 Special Events & Tourism	496,070	657,685	2,500	0	30,000	608,000	0	0	1,794,255
Basic Services									
110 Library Department	18,235,249	4,371,096	3,053,719	435,170	352,981	0	0	0	26,448,215
114 Consumer Affairs & Licensing	336,602	102,000	3,500	3,000	7,500	0	0	0	452,602
121,128 Election Department	2,505,663	329,932	282,388	70,960	6,798	0	0	0	3,195,741
163 Registry Division	749,490	56,430	12,270	1,325	8,750	0	0	0	828,265
180 Property Management	10,699,799	5,007,684	762,497	53,456	222,049	0	0	0	16,745,485
300 Parks & Recreation Department	7,483,100	2,176,950	481,550	501,650	110,495	826,970	0	0	11,580,715
311 Public Works Department	16,548,584	44,866,986	1,031,600	436,364	872,426	0	200,000	0	63,955,960
321 Central Fleet Maintenance	1,340,182	149,000	285,500	35,000	139,469	0	0	0	1,949,151
331 Snow Removal	0	4,050,000	0	355,561	0	0	0	0	4,405,561
448 Youth Fund	189,713	6,275	6,400	350	0	6,189,000	0	0	6,391,738
Environmental Services									
251,253 Transportation Department	16,890,795	8,465,981	1,324,600	146,371	987,580	0	0	0	27,815,327
260 Inspectional Services Dept	9,960,367	1,084,173	145,390	755,766	97,192	0	0	0	12.042,888
303 Environment Department	879.723	50,000	12.200	1.800	0	0	· C		043 723



Supplies & Charges Special Materials & Obligations Equipment Appropriation
12,500 3,000
150,000 327,063
-
7,500 2,805
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1,200 500
15,500 4,000
7,000 1,567,900
0
126,382 630,543
15,000 6,000
48,500 32,950
10,500 2,450
1,030 1,425
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0
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18,618,237 103,742,281
Current Supplies & Charges
& Ob
0
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0



# **CITY OF BOSTON**

IN CITY COUNCIL

# **FURTHER ORDERED:**

II. That to meet so much of the expenses of maintaining, improving and embellishing in the fiscal period commencing July 1, 2000 and ending June 30, 2001, cemeteries owned by the City of Boston, or in its charge, as is not met by the income of deposits for perpetual care on hand December 31, 1999, the respective sum of money specified in the subjoined schedule be, and the same hereby is, appropriated out of the fund set up under Chapter 13 of the Acts of 1961 the same to be expended under the direction of the Commissioner of Parks and Recreation:

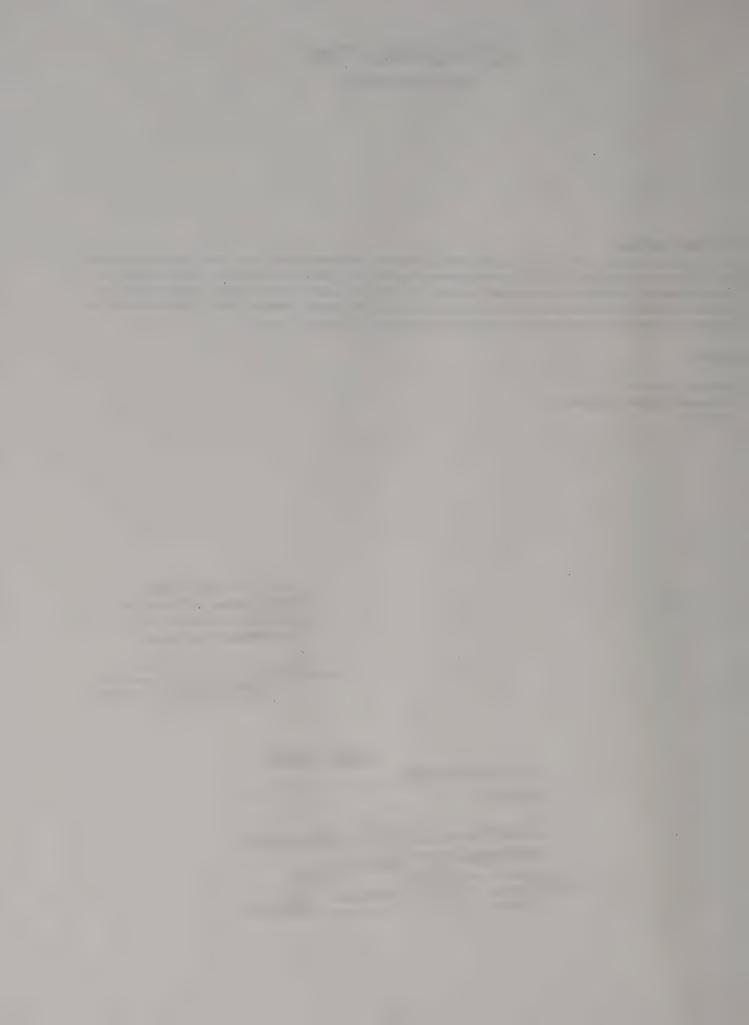
400100

Cemetery Division
Parks and Recreation Department
\$1,678,386

I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.

MERITA A. HOPKINS CORPORATION COUNSEL

peroved City CI





### CITY OF BOSTON · MASSACHUSETTS

# OFFICE OF THE MAYOR THOMAS M. MENINO

June 14, 2000

#### TO THE CITY COUNCIL

#### Dear Councilors:

I transmit herewith an appropriation order for the Boston Public Schools for FY01 in the amount of \$591,998,242 submitted pursuant to the provisions of Chapter 224 of the Acts of 1936, as amended by Chapter 190 of the Acts of 1982, as further amended by Chapter 701 of the Acts of 1986, Chapter 613 of the Acts of 1987, and Chapter 108 of the Acts of 1991.

This budget, which is \$16.7 million larger than the FY00 budget, continues my commitment to improving education. The FY01 operating budget continues funding for the City's five year plan of reform, "Focus on Children" aimed at improving school performance. Among the programs and initiatives this budget funds are new resources for literacy and math programs; new instructional materials; on-going support for high-schools to meet accreditation standards; and continued investment in technology in the schools.

The resubmission transfers \$955,570 from the School Budget to the City's Operating Budget in order to fund the consolidation of the School Department's legal services within the Law Department. This transfer is part of an effort to look at all city functions to improve efficiency.

My commitment to schools is also illustrated through the City's Five Year Capital Plan. The City of Boston FY01-FY05 Capital Plan includes authorization of the construction of three new schools: Orchard Gardens (grades K-8), Brunswick Gardens (grades 6-8), and Mildred Avenue (grades 6-8).

The Boston School Committee and the Superintendent have submitted a budget that balances competing priorities within available resources. This budget provides our students with the tools necessary to meet the standards that have been established by the Boston School Committee. I respectfully request your support of the FY01 appropriation for the Boston Public Schools.

Sincerely,

Thomas M. Menino Mayor of Boston



# CITY OF BOSTON

IN CITY COUNCIL

ORDERED: That pursuant to Chapter 224 of the Acts of 1936, as amended by Chapter 190 of the Acts of 1982, and as further amended by Chapter 701 of the Acts of 1986, Chapter 613 of the Acts of 1987, and Chapter 108 of the Acts of 1991, to meet the current operating expenses of the School Department in the fiscal period commencing July 1, 2060 and ending June 30, 2001, the sum of FIVE HUNDRED NINETY ONE MILLION NINE HUNDRED NINETY EIGHT THOUSAND TWO HUNDRED AND FORTY TWO DOLLARS (\$591,998,242) be, and the same hereby is, appropriated, said sum to be raised by taxation pursuant to Section 23 of Chapter 59 of the General Laws:

**Boston School Department** 

\$591,998,242

I HEREBY CERTIFY THAT THE FOREGOING, IF PASSED IN THE ABOVE FORM, WILL BE IN ACCORDANCE WITH, LAW.

> MERITA A. HOPKINS CORPORATION COUNSEL

Posaria Salerno Cto Charles
Approved JUN 3 0 2000





OFFICE OF THE MAYOR THOMAS M. MENINO

April 11, 2000

TO THE CITY COUNCIL

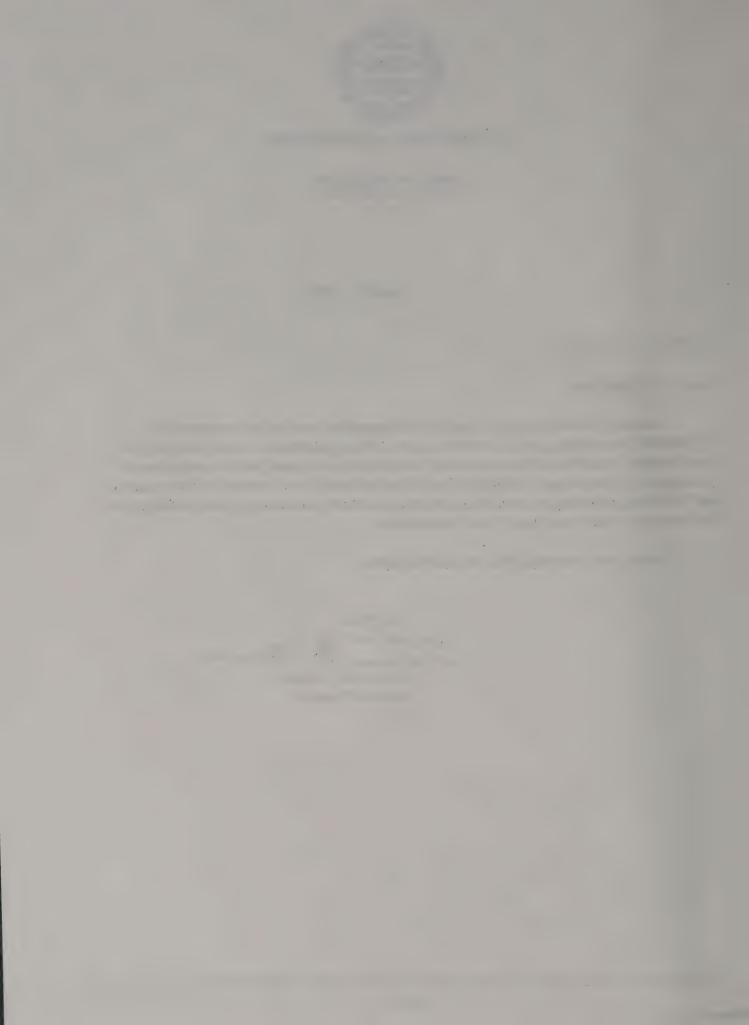
Dear City Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$2,590,000 for acquiring land, or interests in land, for any purpose for which the City is or may hereafter be authorized to acquire land or interests therein; and for the construction of buildings, or for additions to such buildings where such additions increase the floor space of said buildings, including the cost of original equipment and furnishings of said buildings, for the purposes of the Library and Police Departments.

I urge your Honorable Body to pass this order.

Sincerely,

Thomas M. Menino Mayor of Boston



### IN CITY COUNCIL

Docket: 0848 Sub-Class: 10259 Program: 1006

ORDERED: That the sum of Two Million Five Hundred Ninety Thousand Dollars (\$2.590,000) be, and hereby is, appropriated for acquiring land, or interests in land, for any purpose for which the City is or may hereafter be authorized to acquire land or interests therein; and for the construction of buildings, or for additions to such buildings where such additions increase the floor space of said buildings, including the cost of original equipment and furnishings of said buildings. for the purposes of the Library and Police Departments; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (3) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, year 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- 1. Allston Branch Library
- 2. Heritage Center
- 3. New Area D-4 Station



April 11, 2000

### TO THE CITY COUNCIL

### Dear City Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$17,172,000 for remodeling, reconstructing, or making extraordinary repairs to public buildings owned by the City, including original equipment and landscaping, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the Community Centers, Fire, Library, Neighborhood Development, Parks and Recreation, Police, Property Management, Public Health Commission, Public Works and Transportation Departments.

I urge your Honorable Body to pass this order.

formus M. Menino

Sincerely\_

Mayor of Boston



### IN CITY COUNCIL

Docket: 0845 Sub-Class: 10260 Program: 1007

ORDERED: That the sum of Seventeen Million One Hundred Seventy Two Thousand Dollars (\$17,172.000) be, and hereby is, appropriated for remodeling, reconstructing, or making extraordinary repairs to public buildings owned by the City, including original equipment and landscaping, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the Community Centers, Fire. Library, Neighborhood Development, Parks and Recreation, Police, Property Management. Public Health Commission, Public Works, and Transportation Departments; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clauses (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time. on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, year 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original orderthat the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- 1. Mirabella Pool Bathhouse
- 2. Paris Street Pool
- 3. Vine Street Community Center
- 4. Bathroom Renovation II
- 5. Engine 8
- 6. Engine 9
- 7. Exterior Repair at 5 Fire Stations
- 8. Facility Assessment Study
- 9. Codman Square Branch Library
- 10. Critical Repair Fund
- 11. Grove Hall Branch Library
- 12. Lower Mills Branch Library
- 13. McKim Building Phase IIB
- 14. Long Island Switchgear Design
- 15. Long Island Utilities
- 16. Sewer Tie-In and Treatment
- 17. Strand Theater
- 18. Back Bay Yard Drainage
- 19. Centralized Evidence Storage Facility
- 20. 43 Hawkins Street
- 21. City Hall Air Balancing Report
- 22. City Hall Brickwork
- 23. City Hall Cooling Tower
- 24. City Hall Roof
- 25. City Hall Study
- 26. Printing Plant Phase II
- 27. Critical Facility Repairs
- 28. Long Island Facilities Survey
- 29. Long Island Fire Alarm/Sprinklers
- 30. South Block Roof Repair
- 31. Central Maintenance Facility HVAC
- 32. Roxbury Maintenance Yard
- 33. BTD Enforcement Facility Interior Renovations
- 34. Southampton Street Maintenance Yard II
- 35. Southampton Street Yard Improvements



### CITY OF BOSTON · MASSACHUSETTS

OFFICE OF THE MAYOR THOMAS M. MENINO

April 11, 2000

#### TO THE CITY COUNCIL

Dear City Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$8,790,000 for the original construction of public ways or the extension or widening thereof. including land damages and the cost of pavement and sidewalks laid at the time of said construction, or for the construction of stone, block, brick, cement concrete, bituminous concrete, bituminous macadam or other permanent pavement of similar lasting character for the purpose of the Public Works Department.

I urge your Honorable Body to pass this order.

Sincerely

Thomas M. Menino

Mayor of Boston



### IN CITY COUNCIL

Docket: 0846 Sub-Class: 10261 Program: 1010

ORDERED: That the sum of Eight Million Seven Hundred Ninety Thousand Dollars (\$8,790,000) be, and hereby is, appropriated for the original construction of public ways or the extension or widening thereof, including land damages and the cost of pavement and sidewalks laid at the time of said construction, or for the construction of stone, block, brick, cement concrete, bituminous concrete, bituminous macadam or other permanent pavement of similar lasting character for the purpose of the Public Works Department; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (5) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, yeas 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- 1. Cambridge Street
- 2. Leather District Streets
- 3. Roadway Reconstruction FY2000
- 4. South Huntington Avenue



April 11, 2000

### TO THE CITY COUNCIL

Dear City Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$3,172,000 for the purpose of the cost of departmental equipment to service the Fire, Parks and Recreation, and School Departments.

I urge your Honorable Body to pass this order.

Sincerely,

Thomas M. Menino Mayor of Boston



### IN CITY COUNCIL

Docket: 0850 Sub-Class: 10262 Program: 1014

ORDERED: That the sum of Three Million One Hundred Seventy Two Thousand Dollars (\$3,172,000) be, and hereby is, appropriated for the cost of departmental equipment for the purposes of the Fire, Parks and Recreation, and School Departments; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (9) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, year 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- 1. Fire Equipment FY01
  - 2. Parks Maintenance Equipment FY01
  - 3. Humphrey O.R.C. Vocational Equipment



April 11, 2000

### TO THE CITY COUNCIL

**Dear City Councilors:** 

I transmit herewith for your approval an appropriation order in the amount of \$202,000 for the remodeling, reconstruction or rehabilitation of existing firefighting apparatus and heavy equipment, for the purpose the Fire Department.

I urge your Honorable Body to pass this order.

Sincerely,

Thomas M. Menino Mayor of Boston



### IN CITY COUNCIL

Docket: 0847 Sub-Class: 10263 Program: 1015

ORDERED: That the sum of Two Hundred Two Thousand Dollars (\$202,000) be, and hereby is, appropriated for the remodeling, reconstruction or rehabilitation of existing firefighting apparatus and heavy equipment for the purposes of the Fire Department; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (9A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, yeas 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

1. Fire Boat Repair



July 31, 2000

### TO THE CITY COUNCIL

Dear City Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$1,565,500 for fire alarm communication installations and for the purpose of extending and improving such installations.

I urge your Honorable Body to pass this order.

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Thomas M. Menino Mayor of Boston

Sincerely



IN CITY COUNCIL

Docket: 0982 Sub-Class: tbd Program: 1019

ORDERED: That the sum of One Million Five Hundred Sixty Five Thousand Five Hundred Dollars (\$1,565,500) be, and hereby is, appropriated for fire alarm communication installations and for the purpose of extending and improving such installations; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (14) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.

MERITA A. HOPKINS
CORPORATION COUNSEL THE

1. Radio System



### CITY OF BOSTON · MASSACHUSETTS

OFFICE OF THE MAYOR THOMAS M. MENINO

April 11, 2000

### TO THE CITY COUNCIL

### Dear Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$127,000 for the cost of engineering or architectural services for plans and specifications for the purposes of the Boston Redevelopment Authority.

I urge your Honorable Body to pass this order.

Sincerely,

Thomas M. Menino Mayor of Boston



### IN CITY COUNCIL

Docket: 0849 Sub-Class: 10264 Program: 1027

ORDERED: That the sum of One Hundred Twenty Seven Thousand Dollars (\$127,000) be, and hereby is, appropriated for the cost of engineering or architectural services for plans and specifications for the purposes of the Boston Redevelopment Authority; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (22) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, year 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

1. Fenway Master Plan



### CITY OF BOSTON · MASSACHUSETTS

OFFICE OF THE MAYOR THOMAS M. MENINO

April 11, 2000

### TO THE CITY COUNCIL

Dear City Councilors:

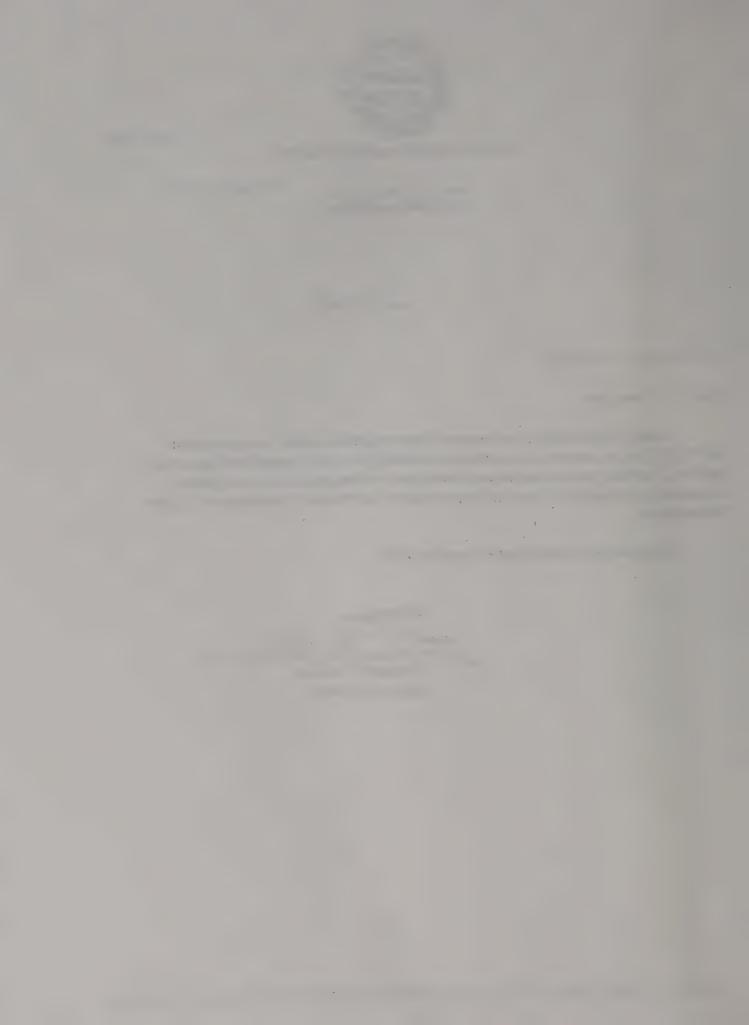
I transmit herewith for your approval an appropriation order in the amount of \$8,171,000 for the purpose of construction of municipal outdoor recreational and athletic facilities, including the acquisition and development of land and the construction and reconstruction of such facilities, for the purposes of the Parks and Recreation and School Departments.

I urge your Honorable Body to pass this order.

Sincerely

-1- 2

Thomas M. Menino Mayor of Boston



### IN CITY COUNCIL

Docket: 0851 Sub-Class: 10268 Program: 1029

ORDERED: That the sum of Eight Million One Hundred Seventy One Thousand Dollars (\$8,171,000) be, and hereby is, appropriated for the construction of municipal outdoor recreational and athletic facilities, including the acquisition and development of land and the construction and reconstruction of such facilities, for the purposes of the Parks and Recreation and School Departments; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (25) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, yeas 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- 1. Ball Field Renovations Citywide FY00-FY01
- 2. Billings Field Play Lot
- 3. Chandler Pond
- 4. Children's Park
- 5. Chinatown Park
- 6. Commonwealth Avenue Mall
- 7. Court Renovation FY01
- 8. Defillipo Resilient Surfacing
- 9. General Parks Improvements FY01-04
- 10. Hazardous Remediation
- 11. Healy Field
- 12. Hooker/Sorrento Playground
- 13. Intergenerational Park
- 14. Jefferson Playground Renovations
- 15. North End Park / Puopolo Ballfield
- 16. Reservation Road Soccer Field
- 17. Ryan Ballfield
- 18. Ryan Playground
- 19. Stonehill Park
- 20. Titus Sparrow Park
- 21. Schoolyard Improvement Fund



April 11, 2000

### TO THE CITY COUNCIL

### Dear Councilors:

I transmit herewith for your approval an order to amend an appropriation order originally passed by your Honorable Body on June 24, 1998 and July 15, 1998 and approved by the Mayor on July 21, 1998, and amended on June 23, 1999 and July 14, 1999, and approved by the Mayor on July 22, 1999.

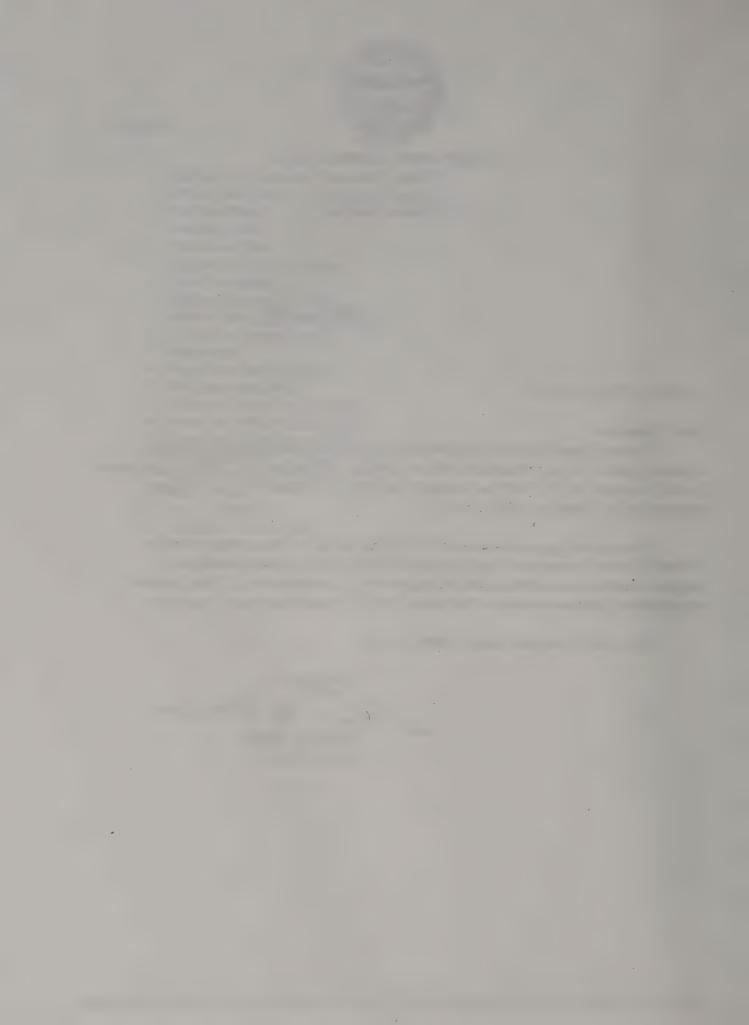
The proposed appropriation order would raise the amount from \$26,060,000 to \$34,948,000 for the purpose of the development, design, purchase and installation of computer hardware and software and the implementation and operation of the city-wide administrative information system for human resources, payroll and finance functions.

I urge your Honorable Body to pass this order.

Sincerely,

Thomas M. Menino

Mayor of Boston



### IN CITY COUNCIL

Docket: 0852 Sub-Class: 10393

Program: 1032, 1033

ORDERED: That an appropriation order originally passed by the Boston City Council on June 24, 1998 and July 15, 1998, and approved by the Mayor on July 21, 1998 in the amount of Twenty Million Dollars (\$20,000,000), and amended by your Honorable Body on June 23, 1999 and July 14, 1999, and approved by the Mayor on July 22, 1999 to the amount of Twenty Six Million Sixty Thousand Dollars (\$26,060,000) is further amended by inserting in place thereof the sum of Thirty Four Million Nine Hundred Forty Eight Thousand Dollars (\$34,948,000), appropriated for the development, design, purchase and installation of computer hardware and software and the implementation and operation of the city-wide administrative information system for human resources, payroll, and finance functions; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (28) and (29) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, yeas 11, nays 1.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1039.

Attest:

1. Financial Management Information System



April 11, 2000

### TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$3,818,000 for the purchase and installation of computer hardware and software for the purpose of the Management Information Services and School Departments.

I urge your Honorable Body to pass this order.

Sincerely,

Thomas M. Menino

Mayor of Boston



#### IN CITY COUNCIL

Docket: 0853 Sub-Class: 10269

Program: 1032, 1033

ORDERED: That the sum of Three Million Eight Hundred Eighteen Thousand Dollars (\$3,818,000) be, and hereby is, appropriated for the purchase and installation of computer hardware and software; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Clause (28) and (29) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, year 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- 1. IBM Mainframe Disk Upgrade
- 2. Computer Technology FY98-FY02



OFFICE OF THE MAYOR THOMAS M. MENINO

April 11, 2000

TO THE CITY COUNCIL

**Dear City Councilors:** 

I transmit herewith for your approval an appropriation order in the amount of \$1,370,000 for the purpose of planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities for the purpose of various city departments including the Boston Redevelopment Authority, Neighborhood Development and Parks and Recreation Departments.

I urge your Honorable Body to pass this order.

Thomas M. Menino Mayor of Boston



#### IN CITY COUNCIL

Docket: 0854 Sub-Class: 10270 Program: 1070

ORDERED: That the sum of One Million Three Hundred Seventy Thousand Dollars (\$1,370,000) be, and hereby is, appropriated for the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling. reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purpose of various city departments including the Boston Redevelopment Authority, Neighborhood Development and Parks and Recreation Departments, and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Chapter 642 of the Acts of 1966, as amended, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on the project as described by name attached herein.

In City Council June 28, 2000. Read once and passed, yeas 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

- 1. Boston East Site
- 2. Long Island Embankment Design
- 3. Street Tree Planting FY01



OFFICE OF THE MAYOR THOMAS M. MENINO

April 11, 2000

TO THE CITY COUNCIL

**Dear City Councilors:** 

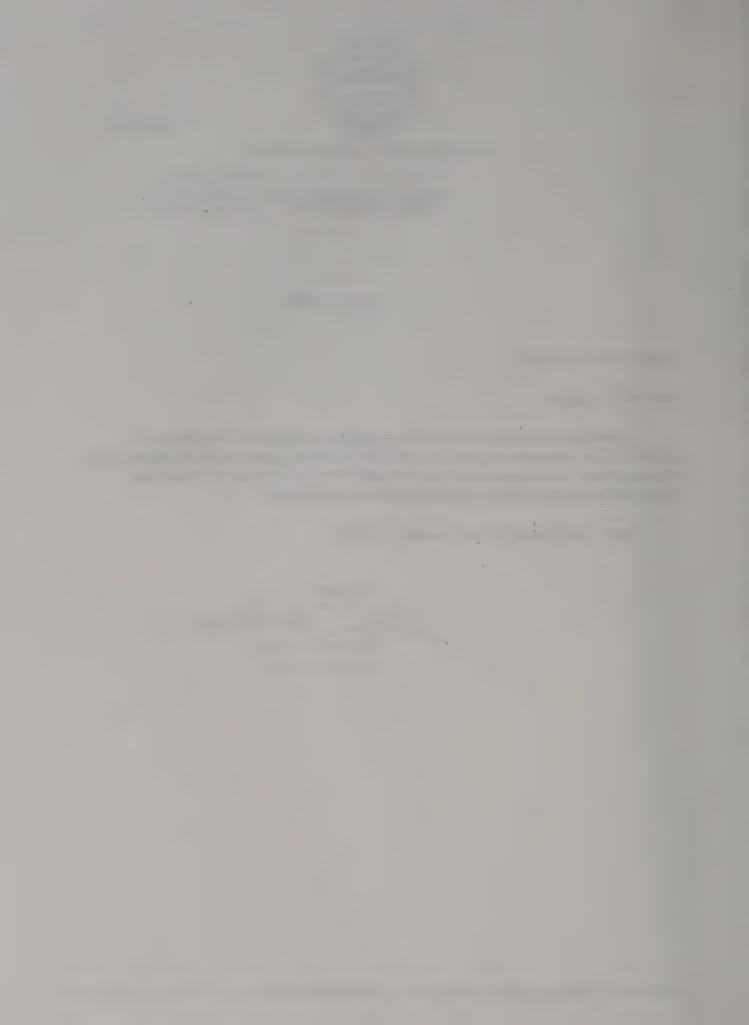
I transmit herewith for your approval an appropriation order in the amount of \$10,087,000 for the purpose of acquiring land for, constructing and originally equipping and furnishing public schoolhouses and additions, and for the reconstruction, remodeling, rehabilitation and modernization of any schoolhouse or addition.

I urge your Honorable Body to pass this order.

Sincerely,

fomas/H.

Thomas M. Menino Mayor of Boston



IN CITY COUNCIL

Docket: 0855 Sub-Class: 10391 Program: 1007

ORDERED: That the sum of Ten Million Eighty Seven Thousand Dollars (\$10,087,000) be, and hereby is, appropriated for projects which may become approved school projects within the meaning of Chapter 645 of the Acts of 1948, as amended, including the acquiring land for, constructing and originally equipping and furnishing public schoolhouses and additions, and for the reconstruction, remodeling, rehabilitation and modernization of any schoolhouse or addition; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Section 8 of Chapter 645 of the Acts of 1948, as amended, or under the provisions of Chapter 642 of the Acts of 1966, as amended, or under the provisions of Clause (3) and/or (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council June 28, 2000. Read once and passed, year 12.

In City Council July 12, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor July 17, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

August 7, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from July 17, 2000, and the order therefore becomes effective on August 7, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- Blackstone School Boiler
  - 2. Burke High School Study
  - 3. Central Kitchen Roof
  - 4. Dorchester High School
  - 5. Grew/E. Greenwood/Warren Prescott
  - 6. Harvard/Kent School HVAC
  - 7. Hennigan School HVAC
  - 8. Holland School HVAC
  - 9. Mission Hill School Heating System
  - 10. Mozart School Roof, Windows, Doors
  - 11. Murphy School
  - 12. O'Bryant School Library/Media Center
  - 13. Ohrenberger School Boiler
  - 14. Technology Upgrades FY98-01



OFFICE OF THE MAYOR THOMAS M. MENINO
May 15, 2000

TO THE CITY COUNCIL

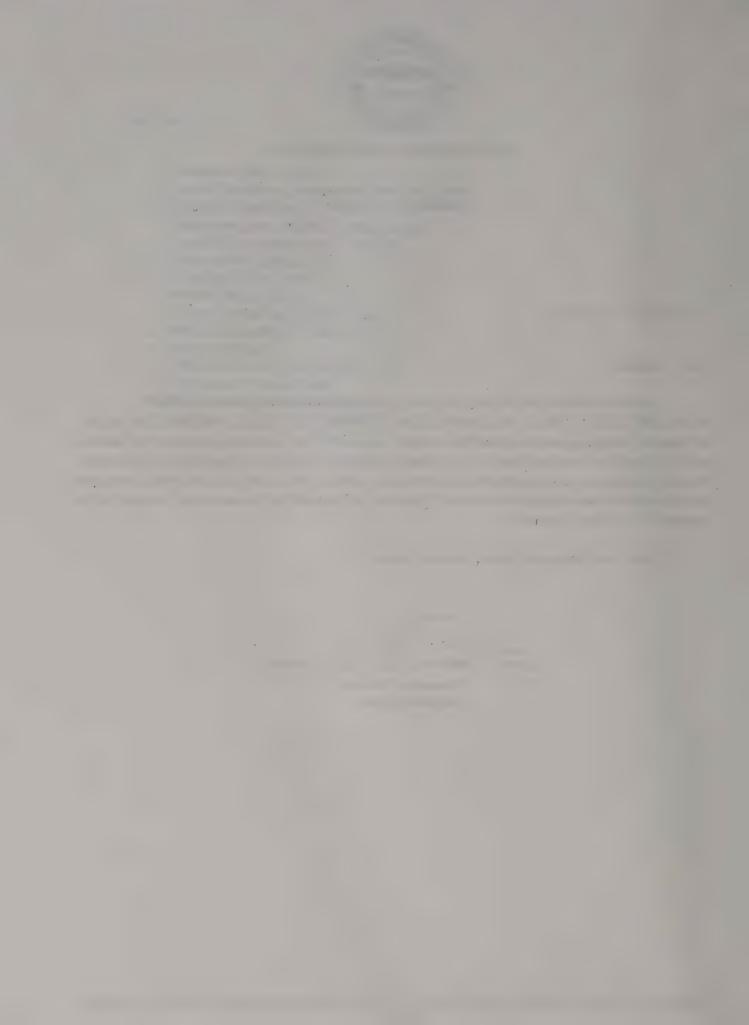
Dear Councillors:

I transmit herewith for your approval an appropriation Order in the amount of EIGHT HUNDRED THIRTY-THREE THOUSAND, TWO HUNDRED FIFTY DOLLARS (\$833,250.00) for the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction, or repair for the purposes of the School Department.

I urge your Honorable Body to pass this Order.

Sincerely,

Thomas M. Mcnino Mayor of Boston



#### IN CITY COUNCIL

Docket: 0693 Sub-Class: 10392

Program: 1007

ORDERED: That the sum of EIGHT HUNDRED THIRTY-THREE THOUSAND, TWO HUNDRED FIFTY DOLLARS (\$833,250.00) be, and hereby is, appropriated for projects which may become approved school projects within the meaning of Chapter 645 of the Acts of 1948, as amended, including the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the School Department; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Section 8 of Chapter 645 of the Acts of 1948, as amended, or under the provisions of Chapter 642 of the Acts of 1966, as amended, or under the provisions of Clauses (3) and/or (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council May 17, 2000. Read once and passed, yeas 13.

In City Council June 7, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor June 13, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

July 5, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from June 13, 2000, and the order therefore becomes effective on July 5, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

## School Department

1. Mary Lyon School

# City of Boston In City Council

Docket: 0915 Sub-Class: 10395 Program: 1007

ORDERED: That the sum of One Million Ten Thousand Dollars (\$1,010,000) be, and hereby is, appropriated for projects which may become approved school projects within the meaning of Chapter 645 of the Acts of 1948, as amended, including the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the School Department; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Section 8 of Chapter 645 of the Acts of 1948, as amended, or under the provisions of Chapter 642 of the Acts of 1966, as amended, or under the provisions of Clauses (3) and/or (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council July 12, 2000. Read once and passed, yeas 13.

In City Council August 2, 2000. Read a second time and again passed, yeas 13.

Approved by the Mayor August 7, 2000, he certifying on the original loan order that the foregoing loan order is nt, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

osaria Galerno

August 28, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from August 7, 2000, and the order therefore becomes effective on August 28, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

### School Department

1. Boston Arts Academy



OFFICE OF THE MAYOR THOMAS M. MENINO

February 28, 2000

#### TO THE CITY COUNCIL

Dear City Councilors:

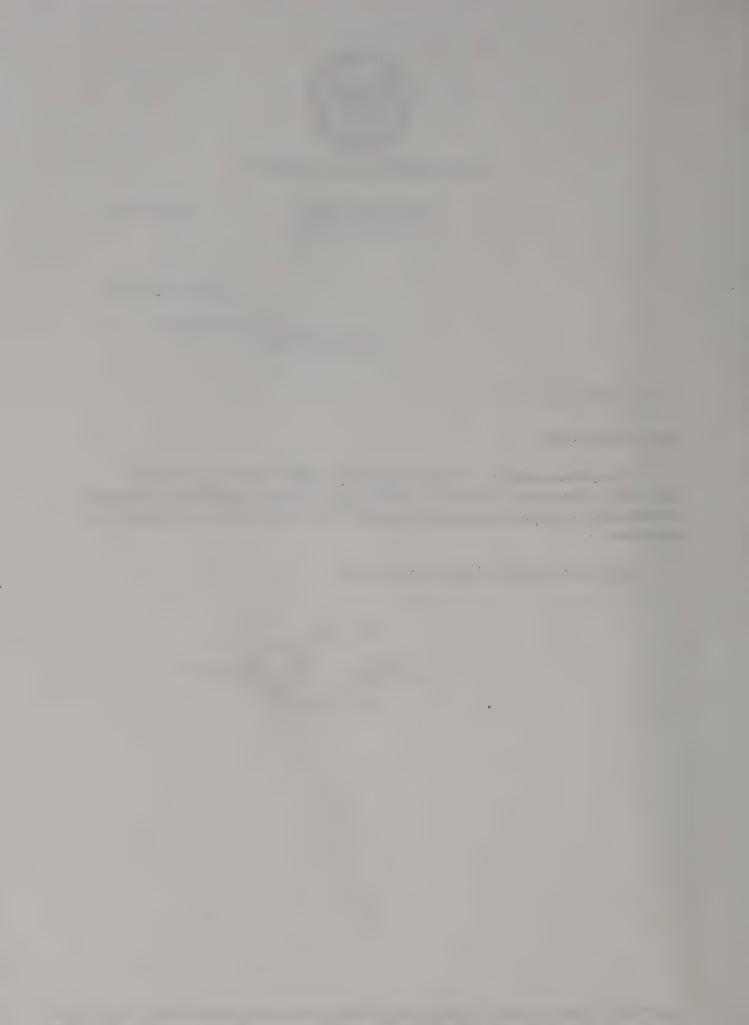
I transmit herewith for your approval an appropriation order in the amount of \$2,222,000 for the purpose of acquiring land for, constructing and originally equipping and furnishing public schoolhouses and additions, and for the reconstruction, remodeling of any schoolhouse.

I urge your Honorable Body to pass this order.

Mayor of Boston

Thomas M. Menino

Sincerely.



# CITY OF BOSTON IN CITY COUNCIL

Docket: 0356 · Program: 1006
Sub-Class: 10383

ORDERED: That the sum of Two Million Two Hundred Twenty Two Thousand Dollars (\$2,222,000) be, and hereby is, appropriated for acquiring land for, constructing and originally equipping and furnishing public schoolhouses and additions, and for the reconstruction, remodeling of any schoolhouse; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Chapter 642 of the Acts of 1966, as amended, or under the provisions of Clause (3) and/or (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized through this order be expended only on those projects as described by name attached herein.

In City Council March 15, 2000. Read once and passed - yeas twelve.

In City Council March 29, 2000. Read a second time and again passed - yeas twelve.

Approved by the Mayor April 10, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

May 1, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from April 10, 2000, and the order therefore becomes effective on May 1, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

- 1. Modular Classrooms at Lyndon Pilot School
- 2. Modular Classrooms at Quincy Upper Pilot School



OFFICE OF THE MAYOR THOMAS M. MENINO

March 28, 2000

#### TO THE CITY COUNCIL

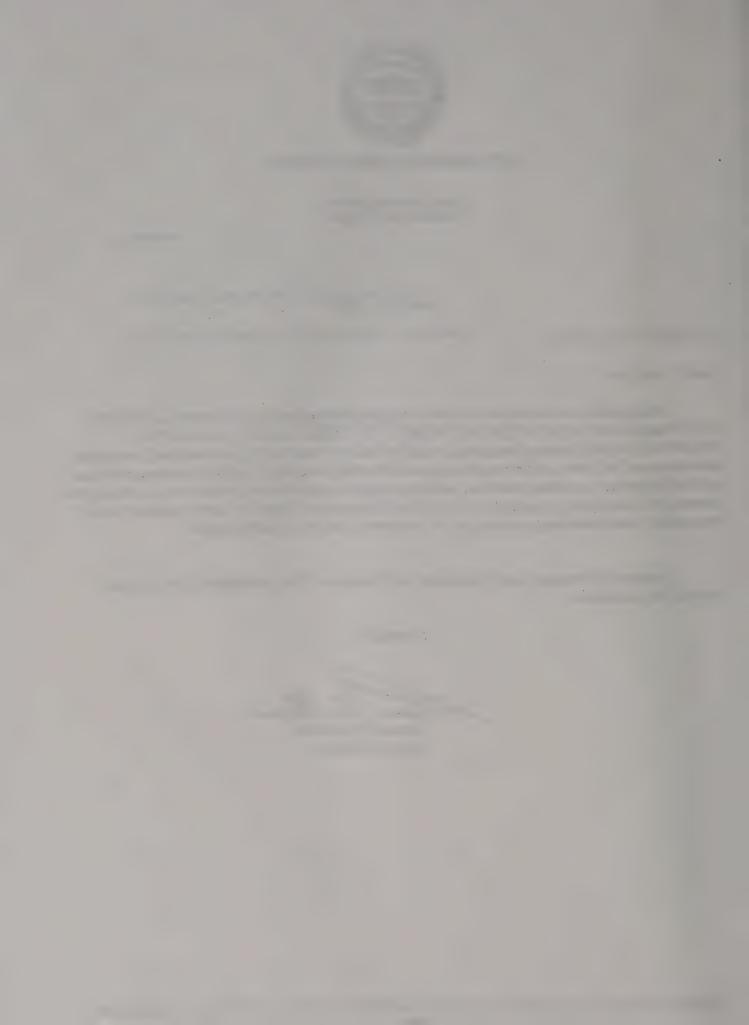
Dear Councillors:

I transmit herewith for your approval an appropriation Order in the amount of NINETY-SEVEN MILLION, SEVEN HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$97, 745,000.00) for the planning, designing, acquiring land for, constructing, and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions, and major repairs to existing facilities, including original equipment and landscaping, including the planting of shade trees, paving, and other site improvements incidental or directly related to such remodeling, reconstruction, or repair for the purposes of the School Department.

I respectfully request your Honorable Body to approve this appropriation Order for the Boston Public Schools.

Sincerely,

Thomas M. Menino Mayor of Boston



IN CITY COUNCIL

Docket: 0446 Sub-Class: 10258

Program: 1066, 1070,

1007, 1006

ORDERED: That the sum of Ninety Seven Million Seven Hundred Forty Five Thousand Dollars (\$97,745,000) be, and hereby is, appropriated for projects which may become approved school projects within the meaning of Chapter 645 of the Acts of 1948. as amended, including the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the School Department; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Section 8 of Chapter 645 of the Acts of 1948, as amended, or under the provisions of Chapter 642 of the Acts of 1966, as amended, or under the provisions of Clauses (3) and/or (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council April 26, 2000. Read once and passed, yeas nine, nays two.

In City Council May 10, 2000. Read a second time and again passed, yeas eleven, nays one.

Approved by the Mayor May 15, 2000, he certifying on the original order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

June 6, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from May 15, 2000, and the order therefore becomes effective on June 6, 2000 in accordance with the provisions of chapter 108 of the Acts of 1939.

Attest:

Rosaria Salerno

### School Department

- 1. Brunswick Gardens
- 2. Mildred Avenue
- 3. Orchard Gardens



OFFICE OF THE MAYOR THOMAS M. MENINO

October 12, 1999

#### TO THE CITY COUNCIL

#### Dear Councilors:

I transmit herewith for your approval an appropriation order in the amount of \$16,000,000 for the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the School Department.

I urge your Honorable Body to pass this order.

Thomas M. Menino

Mayor of Boston

Sincerety,

Note: This Order was split into two Orders/Docket Items:

1) \$4,700,000 Docket #0208

2) \$11,300,000 Docket #1160



Docket: 1160 Program: 1066, 1007 Sub-Class: 10255

# City of Boston In City Council

ORDERED: That the sum of Eleven Million Three Hundred Thousand (\$11,300,000) be, and hereby is, appropriated for projects which may become approved school projects within the meaning of Chapter 645 of the Acts of 1948, as amended, including the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the School Department; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Section 8 of Chapter 645 of the Acts of 1948, as amended, or under the provisions of Chapter 642 of the Acts of 1966, as amended, or under the provisions of Clauses (3) and/or (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council November 3, 1999. Read once and passed - yeas thirteen.

In city Council November 17, 1999. Read a second time and again passed - eleven.

Approved by the Mayor November 24, 1999, he certifying on the original order that the foregoing loan order is not. in his opinion, to meet a current expense.

Attest:

Rosaria Salerno City Clerk

December 15, 1999

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters was filed with the City Clerk within twenty days from November 24, 1999, and the order therefore becomes effective on December 15, 1999 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

# School Department

- 1. Mildred Avenue
- 2. Roof Repairs and Masonry Repairs at Various Schools

#### IN CITY COUNCIL

Docket: 0208

Program: 1066 - 100 Sub-Class: 10256

ORDERED: That the sum of Four Million Seven Hundred Thousand Dollars (\$4,700,000) be, and hereby is, appropriated for projects which may become approved school projects within the meaning of Chapter 645 of the Acts of 1948, as amended, including the planning, designing, acquiring land for, constructing and originally equipping structures and facilities and for remodeling, reconstructing, or making major alterations, additions and major repairs to existing facilities including original equipment and landscaping, including the planting of shade trees, paving and other site improvements incidental or directly related to such remodeling, reconstruction or repair for the purposes of the School Department; and that to meet said appropriation the Collector/Treasurer be, and hereby is, authorized under the provisions of Section 8 of Chapter 645 of the Acts of 1948, as amended, or under the provisions of Chapter 642 of the Acts of 1966, as amended, or under the provisions of Clauses (3) and/or (3A) of Section 7 of Chapter 44 of the General Laws, to issue from time to time, on request of the Mayor, bonds, notes or certificates of indebtedness of the City up to said amount, provided that the appropriation authorized be expended only on those projects as described by name attached herein.

In City Council January 12, 2000. Read once and passed, year nine, nays four.

In City Council February 2, 2000. Read a second time and again passed, year nine. nays four.

Approved by the Mayor February 8, 2000, he certifying on the original loan order that the foregoing loan order is not, in his opinion, to meet a current expense.

Attest:

February 29, 2000

I hereby certify that no petition, asking that the question of approving or disapproving the foregoing order be submitted to the voters, was filed with the City Clerk within twenty days from February 8, 2000, and the order therefore becomes effective on February 29, 2000 in accordance with the provisions of Chapter 108 of the Acts of 1939.

Attest:

## **School Department**

- 1. Mildred Avenue
- 2. Roof Repairs and Masonry Repairs at Various Schools



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR THOMAS M. MENINO

June 14, 2000

To The City Council

Dear Councilors:

I transmit herewith for your approval an order authorizing the City of Boston to enter into one or more lease, lease-purchase or installment sales agreements in Fiscal Year 2001 in an amount not to exceed \$13,750,000 and in Fiscal Year 2002, also in an amount not to exceed \$13,750,000. These funds will be used by different City departments for the acquisition of equipment in furtherance of their respective governmental functions. The list of equipment includes: computer equipment (hardware and software); motor vehicles and trailers; firefighting equipment; office equipment; photocopying equipment; telecommunications; equipment, medical equipment; school and educational equipment; school buses; parking meters; and equipment functionally related to, and components of, the foregoing.

I urge your Honorable Body to pass this order as expeditiously as possible to ensure the successful completion of the equipment acquisition program.

Sincerely,

Thomas M. Menino Mayor of Boston



IN CITY COUNCIL

ORDERED: That pursuant to section 11 of chapter 643 of the acts of 1983, the City of Boston, acting by and through its Purchasing Agent and its Collector-Treasurer, with the approval of the Mayor, is authorized to acquire the following department equipment by entering into one or more lease, lease-purchase or installment sales agreements in Fiscal Year 2001, in an amount not to exceed \$13,750,000 and in Fiscal Year 2002 also in an amount not to exceed \$13,750,000, in such form or forms as the Purchasing Agent and the Collector-Treasurer may determine with the approval of the Mayor; computer equipment (hardware and software); motor vehicles and trailers; firefighting equipment; office equipment; photocopying equipment; telecommunication equipment, medical equipment; school and educational equipment; parking meters; and equipment functionally related to, and components of, the foregoing;

AND FURTHER ORDERED: That pursuant of section 9 of the Chapter 643 of the Acts of 1983, the Collector-Treasurer be, and hereby is, authorized to execute and deliver, as appropriate, on behalf of the City of Boston, with the approval of the Mayor, trust, security and /or lease agreements and/or reimbursements agreements with attached letters of credits, and to procure, as appropriate, insurance to secure the City's obligation as authorized above, all in such form or forms as the Collector-Treasurer may determine, with approval of the Mayor.

In City Council 2 8 7000
Bead once and passed year 12.
Losaria Falerno City Clerk
In City Council JUL 1 2 2000
in City Council JUL 1 2 2000  ad a second time and again passed year 13.  Osaria Falerno City Clerk
Osaria Ollerns City Clerk
1111 1 7 2000

I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.

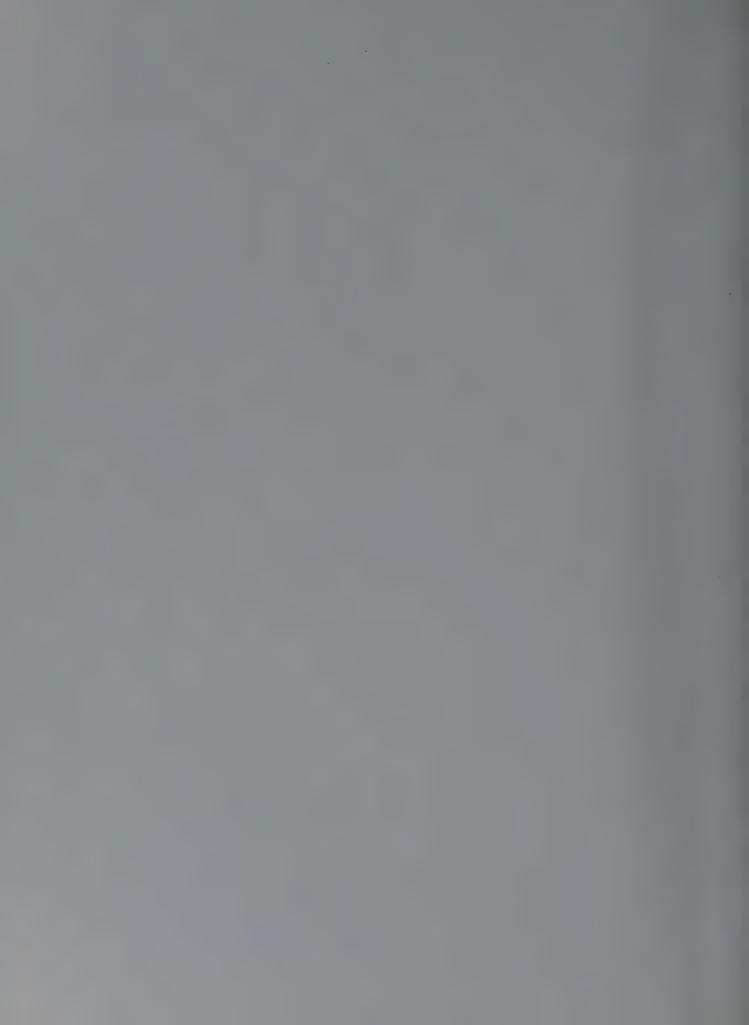
MERITA A. HOPKINS
CORPORATION COUNSEL

MERITA A. HOPKINS
CORPORATION COUNSE

Mayor.

**Revenue Estimates and Analysis** 

BOSTONIA CONDITA A.D. 1630.



## Revenue Estimates and Analysis

#### **OVERVIEW**

The FY01 budget is supported with \$1.691 billion in revenue, an increase of 5.0% over FY00. The budget includes \$1.690 billion in recurring revenue and \$1.0 million in non-recurring revenue. FY01 will represent the eighth straight year of revenue growth for the City. (Figure 1.) The continuing trend of positive revenue growth for the City is linked directly to stability in the Commonwealth's financial situation and continued growth of the regional and national economies.

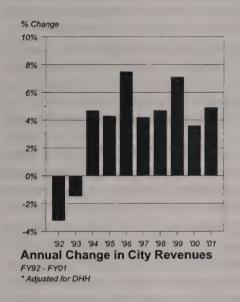
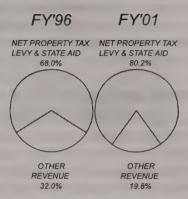


Figure 1

This chapter begins with a review of national and state economic and political trends that will impact Boston in FY01 and beyond. It is followed by an analysis of recent state budget trends and related implications for state aid, the City's second largest revenue source. Finally, a detailed discussion of the property tax levy, the City's largest revenue source, is presented. Net property tax and state aid together make up 80.2% of City revenues and their continued stability is becoming more and more critical in determining the City's ability to deliver adequate services. (Figure 2.)

#### THE NATION

The United States is currently experiencing a period of strong economic growth with low unem-



Net Property Tax Levy and State Aid as a Percent of Total Revenue

Figure 2

ployment. The gross domestic product rose 7.3% in the fourth quarter of 1999 and the seasonally adjusted unemployment rate in the U.S. was 4.1% in March 2000, down from 4.2% a year earlier. The Federal Reserve manages the level of national prosperity through their monitoring efforts designed to control inflation. Inflation, however, is beginning to emerge. The U.S. consumer price index rose 3.2% in the year ending February 2000, up significantly from 1.6% for the year ending February 1999.

The Federal Reserve was able to detect imbalances in the economy in 1999 that would bring inflation if left unchecked. Therefore, last year the Federal Reserve began raising short-term interest rates to slow the growth of the economy and lower the risk of higher inflation. It appears at this time that the Federal Reserve will have to increase short-term interest rates further in the coming months to cool a stubbornly strong economy.

Higher interest rates slow the economy by making money more expensive to borrow for such things as home purchases. The conventional 30-year fixed-rate mortgage on April 6, 2000 was 8.20%, up sharply from 6.98% a year earlier. Mortgage rates could rise a bit more if the Fed raises interest rates again. Mortgage rates are still historically very low which should keep the real estate market healthy for a while longer.

Due to the very strong national economy, federal tax revenues have been very strong over the last

couple of years. So much so that the issue of how to eliminate the federal budget deficit is no longer an issue. Now the debate is how to spend the surpluses that will be available. Whether Congress decides to spend the surpluses, cut taxes, or use the money to pay down the national debt, the states no longer have to worry quite as much about the financial problems of the Federal government drastically impacting their finances.

#### THE COMMONWEALTH

Economic growth in Massachusetts during 1999 was strong and employment in Massachusetts continued a trend of growth. Massachusetts seasonally adjusted non-farm payrolls showed a nice gain of 49,700 jobs in 1999, a gain of 1.6%. This was down, however, from a gain of 52,400 jobs in 1998 and 77,200 jobs in 1997. The Massachusetts seasonally adjusted unemployment rate for February 2000 was 3.1%, up slightly from 2.9% a year earlier. (Figure 3.)

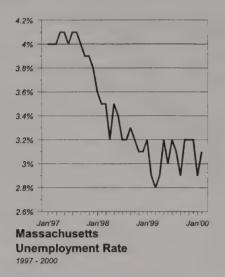


Figure 3

The Massachusetts economy has been changing from an economy dependent on defense and other types of manufacturing to a service economy. In 1980, manufacturing industry employment accounted for approximately 25% of total non-farm employment in Massachusetts. By December 1999, it accounted for only 13.4%. Meanwhile, in December 1999, employment in the finance, insurance, real estate, and services industries accounted for 43.1% of total non-farm employment in Massachusetts, up from 30% in 1980.

At the cutting edge of the service economy are some of Massachusetts' strongest growth sectors;

high technology, biotech, health care, financial services, and education. Route 128 has become well known nationally as a leading high technology area while Boston and Cambridge have become home to several leading biotech companies. Massachusetts has always been a leader in health care, from the first public demonstration of anesthesia at Massachusetts General Hospital in 1846 to the proliferation of managed care. Recently, several hospital expansions, alliances and mergers have occurred, ensuring a future leadership role in health care for Massachusetts.

The Commonwealth is also home to many leading financial service institutions including John Hancock Mutual Life Insurance, Putnam Investments, the Prudential Insurance Company, and Fidelity Investments. Beginning with the first mutual fund in the United States, which was started in Boston, the Commonwealth has attracted leading mutual fund and other financial services companies.

The Massachusetts economy is helped immensely by the numerous public and private colleges and universities within its borders. The largest of these institutions are Harvard University, Massachusetts Institute of Technology, Boston College, Boston University, Northeastern University, and the University of Massachusetts. With the national movement toward a service economy requiring advanced education, Massachusetts is well positioned for the future.

In 1999, there was mixed growth in the Massachusetts construction industry due to uncertainty over the future course of demand and interest rates as well as the lack of available land. The value of residential construction contracts in Massachusetts is estimated to have decreased 19.6% in 1999, after a 32.9% increase in 1998. Meanwhile, the value of nonresidential building construction contracts in Massachusetts is estimated to have increased 1.4% in 1999, after a 4.5% increase in 1998.

#### THE COMMONWEALTH BUDGET

Over the last eight years, the Commonwealth has been successful in balancing its own budget. This now gives the Commonwealth the capacity to support an adequate and diversified local revenue base that reduces over-reliance by municipalities on the property tax. The following summarizes the Commonwealth's budget situation with the purpose of reflecting upon the Commonwealth's capacity to continue its strong local aid program for cities, towns and regional school districts.

The Commonwealth has tended to build its budgets cautiously the last several years by being relatively conservative in its revenue estimates. This definitely has played a role in the strong financial condition of the Commonwealth. According to the Governor's FY01 Proposed Budget, total FY01 revenues are expected to be \$21.315 billion, a small decrease from FY00 projected revenues of \$21.360 billion.

With the Commonwealth running large budget surpluses, talk has turned to giving the taxpayers back some of their money in tax cuts. In July 1998, the Legislature and the Governor worked out a tax cut. The tax cut included a doubling of the personal exemption, a reduction in the unearned income tax rate from 12% to 5.95% and a reduction in the unemployment insurance tax on businesses. In the FY00 budget, the Governor signed into law a reduction of the income tax rate from 5.95% to 5.75% over three tax years. The Governor's FY01 budget recommends a reduction in the tax rate on earned income and the interest and dividend components of unearned income to 5.0% over three tax years. This proposal is the same as the initiative petition scheduled to appear on the November 2000 statewide ballot.

On the expenditure side, the Commonwealth has built its FY01 budget with conservative spending plans. In the Governor's proposed FY01 budget, projected expenditures in FY01 total \$21.346 billion, a small decrease over FY00 projected expenditures of \$21.382 billion.

In the Governor's proposed FY01 budget, Chapter 70 education aid increases \$132 million, a 4.7% increase over actual FY00 Chapter 70 education aid. In FY93, Commonwealth officials, driven by practical considerations and availability of resources, reinstated increases in local aid in the form of aid earmarked for education. This period of increases followed three years of significant local aid reductions which played a key role in the Commonwealth's return to a balanced budget. The Commonwealth's annual cost for direct local aid has increased from \$2.091 billion in FY92 to the \$4.804 billion proposed in the Governor's FY01 budget. The following section looks at Boston's experience with local aid in detail.

#### STATE LOCAL AID

Local aid refers primarily to distributions from the Commonwealth to municipal general revenues for Chapter 70 education aid, additional assistance and lottery aid. The amount of these funds to be distributed is listed on each community's cherry sheet (a listing of a city or town's local aid that is printed on cherry-colored paper) along with other relatively smaller Commonwealth programs such as library aid, school construction and transportation reimbursements, and highway funds. The City received local aid from the Commonwealth totaling \$414.7 million in FY98, \$457.3 million in FY99, and has a budget of \$473.6 million in FY00. The City expects \$484.9 million of local aid in FY01.

Since FY82, there have been three distinct phases in state local aid funding policy. From FY82 through FY89, local aid policy was essentially a revenue sharing response to Proposition 2 1/2, the statewide cap on local property tax rates and levies. A reasonable annual increase in local aid became an essential component in the financial planning for municipalities. This phase was followed by significant state aid reductions implemented during the FY90, FY91 and FY92 budgets. During this period, the Governor and the Legislature sharply reduced state revenue sharing with cities, towns, and regional school districts in order to help balance the state budget. Between FY89 and FY92, statewide cherry sheet aid declined \$602 million or 20% while all other state spending increased by \$1.5 billion or 15%.

Beginning in 1993 with the passage of the FY94 state budget, the Commonwealth embarked upon a multi-year commitment to increase and equalize funding for local education in its local aid distributions. In general, state local aid during the FY94-FY00 period has been less favorable for Boston than the revenue sharing arrangement during the FY83-FY89 period. To illustrate, the City's total state aid between FY93 and FY00 increased by \$166.8 million or 54.1%, while its total state aid between FY82 and FY89 increased by \$214.8 million or 111.1%. The City's expected FY01 state aid increase of \$11.3 million represents a 2.4% increase over FY00, down slightly from the \$16.3 million or 3.6% increase in FY00 and down sharply from the \$42.6 million or 10.3% increase received in FY99.

The Governor's budget for FY01 increases education aid by \$132 million, an increase of 4.7% over FY00. The City received Chapter 70 education aid totaling \$143.9 million in FY98 and \$178.2 million in FY99 and \$186.2 million in FY00. The City will receive \$197.5 million in FY01, an increase of

6.1%. FY00 was the last year of the statutorily established funding schedule for education reform. There has yet to be established a post-FY00 funding schedule. A vital component in the City's delivery of quality public education in the near-term is strong financial support from the Commonwealth.

A key component of the Commonwealth's education reform efforts are the charter schools. The current educational aid is delivered in tandem with state-mandated costs for charter schools. Charter schools are publicly funded schools administered independently from local school committee and teacher union rules and regulations and whose charters are granted by the State Board of Education. There are two kinds of charter schools, the Commonwealth charter school and the Horace Mann charter school. The former is a school outside the local public school system and the latter is part or all of a school in the public school system. In addition to the Board of Education, the local school committee and local bargaining agent must approve Horace Mann charter schools. In addition, Horace Mann charter schools' budgets remain part of the public schools' budget.

There are seven Commonwealth charter schools currently operating in Boston and two more are scheduled to open in September 2000. There are currently 2,092 students in Boston attending charter schools. In addition to the Commonwealth charter schools, there are also two Horace Mann charter schools operating in Boston.

Before FY99, all charter school tuition was drawn directly from the City's Chapter 70 aid. This draw on the City's education aid totaled \$10.9 million in FY98. Under recent amendments to the charter school law, the Commonwealth will pay, as a reimbursement, 100%, 60%, 40% and 0% over four years of the cost of new students and increases in tuition. The net impact of the charter schools in FY99 was \$11.2 million after a \$2.2 million reimbursement from the Commonwealth. The City has budgeted \$12.1 million to be the net impact of the charter schools in FY00 after receiving a \$4.8 million reimbursement from the Commonwealth. The City expects \$14.1 million to be the net impact in FY01 after a \$7.6 million reimbursement. In the long term, it is assumed that the charter schools that thrive will increase overall enrollment which in succeeding years will increase funding for the school district in the Chapter 70 formula and mitigate the negative fiscal impact of charter schools on the City's traditional public schools.

Lottery aid for the City, as for most municipalities. has grown steadily the last few years as a result of a state decision to phase-out the lottery cap and return all lottery profits to the cities and towns. FY00 was the fifth and final year of the state's plan. The City's lottery aid was \$49.6 million in FY98 and \$55.6 million in FY99. The City expects that FY00 lottery aid will exceed the budget estimate of \$61.4 million due to a \$7.1 million supplemental lottery aid distribution. The City expects to receive \$60.4 million in lottery aid in FY01. The current lottery formula is not favorable for the City because it distributes lottery aid increases based inversely upon each municipality's relative per capita property wealth. The City receives a smaller percentage share of lottery aid than its share of the state population, and dramatically less than the share of lottery proceeds derived from sales in Boston. Nevertheless, lottery aid has been an important source of revenue growth, aiding the City's efforts to sustain adequate municipal services. During the last four years, Boston's lottery distribution has reflected both lottery profit growth and the phasing out of the diversion of lottery funds to the Commonwealth. Beginning in FY01, the City's lottery distribution will reflect only profit growth in the lottery.

#### PROPERTY TAX LEVY

The property tax levy has been the City's largest and most dependable source of revenue growth during the past 16 years. In FY00, the property tax levy was \$865.8 million, providing 53.7% of all City revenue, with an increase to \$915.4 million expected in FY01. According to current estimates, the property tax levy will account for 54.1% of total revenue in FY01.

The increases in the property tax levy have been steady and consistent from FY85 to FY00, ranging from \$28 million to \$44 million. However, because of the increasing property tax levy base, the \$29.9 million increase in FY85 represented an 8.9% increase, while the \$43.4 million rise in FY00 represented 5.3% growth. It is important for the financial health of the City that the property tax levy continue to grow but its future growth, as explained in more detail below, is not guaranteed.

Proposition 2 1/2 has been the overwhelming factor affecting the City's property tax levy since being passed in 1980. Proposition 2 1/2 limits the property tax levy in a city or town to no more than 2.5% of the total fair cash value of all taxable real and

personal property. It also limits the total property tax levy to no more than a 2.5% increase over the prior year's total levy with certain provisions for new growth and construction. Finally, Proposition 2 1/2 provides for local overrides of the levy limit and a local option to exclude certain debt from the limit. The City of Boston, however, has not voted to either override the levy limitations or exclude any debt from the limit.

Proposition 2 1/2, as amended in 1991, allows growth in the levy beyond the 2.5% limit for any new properties and any increases in property valuations that are not related to municipal-wide revaluations. This limitation is more flexible than the original limitations on allowable new growth and has helped to strengthen revenue growth in a budget that does not have a very diversified revenue base.

In each year since FY85, the City has increased its levy by the allowable 2.5%. These increases have grown as the levy has grown, beginning in FY85 at \$8.4 million and reaching \$20.5 million in FY00. During these same years, the levy has also been positively impacted by taxable new value, especially from new construction that has added to the tax base. Taxable new value is expected to be \$28.0 million in FY01. The combined effect of the allowable 2.5% increase and the taxable new value is an average annual levy increase from FY98 through FY00 of \$38.9 million or 4.9%, and a projected increase in FY01 of \$49.6 million or 5.7%.

From FY85 through FY89, assessed property values in Boston increased at an average annual rate of about 22%, far outpacing the capped growth in the levy. Most of this increase was due to appreciation in the value of existing properties. This disparity between value appreciation and levy growth caused a significant downward trend in the property tax rate. The City's effective property tax rate in FY84 was 2.5%. By FY89, the effective property tax rate had fallen to 1.4%. When the disparity between growth in value and growth in the levy flows in this direction, the City's property tax base becomes more protected (i.e. more distant from the 2.5% limit).

What occurred in the Boston real estate market beginning in 1988 significantly reversed the FY85 through FY89 property tax trends described above (which reflect real estate activity in calendar years 1983 through 1987). As economic activity slowed, Boston's real estate values leveled off. Then, as the New England region experienced a deep recession,

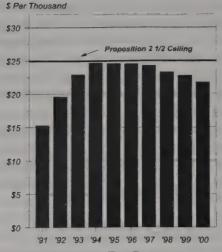
activity in both the commercial and residential markets slowed more dramatically. Office vacancy rates increased and downtown development came to a near standstill.

All of this was reflected in the fourth citywide revaluation, establishing values as of January 1, 1991 at \$29.8 billion. This represented an 18.1% decline from the prior year's total taxable value. This was followed by an 8.4% trending down for January 1. 1992 values at \$27.3 billion and a 1.9% decline for January 1, 1993 to \$26.8 billion. The January 1, 1994 values, established by the fifth citywide revaluation, showed a 5.0% increase to \$28.1 billion. This was followed by increases in taxable value of 4.5% and 5.5% in the following two years. The sixth citywide revaluation that established values as of January 1, 1997, showed a 9.0% increase to \$33.8 billion. This was followed by increases in taxable value of 6.8% to \$36.1 million in FY99 and 10.8% to \$39.9 million in FY00. These last six measures of taxable City property values have demonstrated recovery and strength in the City's real estate market since the significant fall in values in the early part of the decade.

As values decreased in the early 1990s, the City continued each year to maximize the allowable levy increase under Proposition 2 1/2. Between FY90 and FY94, the levy increased each year by an average of 6.4%. The dramatic decrease in values brought the effective tax rate (levy / taxable value) from its healthy low point of 1.4% in FY89 to 2.47% in FY94, dangerously close to the Proposition 2 1/2 tax rate ceiling of 2.50%. Reaching the 2.5% cap would have resulted in the allowable 2.5% annual levy growth being reduced in a low value growth year. However, subsequent to the six years of total taxable value increases described above, the City now has some space between its FY00 net effective tax rate of 2.17% and the tax rate ceiling. (Figure 4.)

There is continued improvement in some of the variables that influence decisions by investors to go forward with commercial and residential development. In most parts of Boston, single family home prices are rising, sales are increasing and apartment rents are moving higher. Commercial rental rates are also increasing and vacancy rates are falling. (Figure 5.)

Strong demand for office space in Boston continued in 1999. At the end of 1999, the overall Boston office vacancy rate was 2.9% down from 4.1% at the end of 1998. Because office vacancy rates are



Overall Property Tax Rate FY91 - FY00



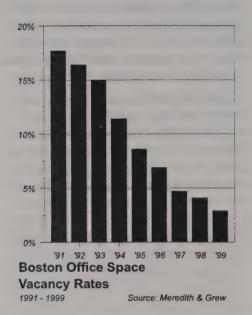


Figure 5

dropping, rents are rising. The average asking rent per square foot for office space in Boston in the fourth quarter of 1999 was \$44.37, up from \$40.32 a year earlier. During the fourth quarter of 1999, the average asking rent per square foot in Back Bay was \$41.24, up from \$36.37 in the fourth quarter of 1998. In the financial district, the average asking rent per square foot during the fourth quarter of 1999 was \$44.97, up from \$41.01 a year earlier. (Figure 6.)

Boston's housing market is currently characterized by rising rental rates and rising single family home

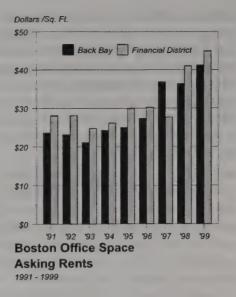


Figure 6

prices. In Boston, apartment rents are rising due to increasing demand and a short supply of rental condominiums and apartments. The supply of rental units is down as the sale of previously rented condominiums removes them from the rental market. The trend in home prices is higher as the median single family home price in the Boston Metropolitan Statistical Area during the third quarter of 1999 was \$255,000, up 15.4% from the third quarter of 1998. This compares with the median single family home price in the United States during the third quarter of 1999 of \$136,000, which was up 2.6% from the third quarter of 1998.

Should the real estate market, which is currently strong, suddenly depreciate again, the City's proximity to the 2.5% tax rate threshold could impair the growth of the property tax levy for the first time since FY84. This would have serious implications for the City's future ability to maintain the current level of services. Fortunately, however, the real estate market was healthy in 1998 and 1999 and is expected to remain so throughout 2000 and into 2001.

It should be noted that the City receives approximately 80% of its revenue from property taxes and state aid. Should the economy fall into a deep recession, poor economic conditions could depress real estate values low enough to negatively affect the property tax levy, while simultaneously pressuring the state to cut local aid. Real estate prices generally turn down because of weaker economic conditions and weaker economic conditions usually hurt the Commonwealth's tax collections and force

it to increase spending on social programs. This could negatively impact the Commonwealth's ability to balance its budget without cutting local aid. Currently, the real estate market and the Commonwealth's financial position are expected to be strong in FY01.

# CITY OF BOSTON REVENUE DETAIL

			FY98	FY99	FY00	FY01
		-	Actual	Actual	Budget	Budget
	PROPERTY TAX LEVY		782,438,622	822,368,024	865,752,439	915,396,250
	OVERLAY RESERVE		(50,566,487)	(42,712,325)	(41,226,307)	(43,590,298)
		Subtotal	731,872,135	779,655,699	824,526,132	871,805,952
	EXCISES					
	Motor Vehicle Excise		32,341,091	29,427,692	31,000,000	37,000.000
40129	Room Occupancy Excise		21,943,065	22,800,000	23,900,000	25,200,000
40130	Jet Fuel Excise		12,588,825	15,530,709	14,300,000	15,500,000
	Other Excise		328,500	257,000	295,000	345,000
		Subtotal	67,201,481	68,015,400	69,495,000	78,045,000
	FINES					
	Parking Fines		44,188,380	45,112,912	55,500,000	56,100,000
45104	Code Enforcement - Trash		95,600	118,403	130,000	200,000
	Other Fines		2,006,892	2,244,656	2,244,200	2,126,700
		Subtotal	46,290,872	47,475,970	57,874,200	58,426,700
47151	INTEREST ON INVESTMENTS		16,711,478	17,423,501	16,500,000	20,000,000
	PAYMENTS IN LIEU OF TAXES					
40169	Massport		10,253,847	10,378,559	10,482,345	10,606,541
	Other Payments In Lieu of Taxes		9,095,705	16,170,692	9,868,215	10,590,967
	,	Subtotal	19,349,552	26,549,251	20,350,560	21,197,508
	URBAN REDEVELOPMENT CHAPTER	R 121Δ				
	Urban Redev. Chap. 121A Sec. 6A		10,597,449	9,420,715	9,647,527	. 9,948,005
41013	Urban Redev. Chap. 121A Sec. 10		26,178,704	27,087,846	26,634,575	27,996,147
		Subtotal	36,776,153	36,508,561	36,282,102	37,944,152
	MISC. DEPARTMENT REVENUE					
43105	Registry - Vital Statistics		891,627	928,805	940,000	980,000
43109	Liens		844,023	926,425	850,000	700,000
43120	City Clerk - Fees		496,369	526,462	525,000	560,000
43137	Municipal Medicaid Reimbursement		8,160,179	15,574,130	5,500,000	9,629,280
43202	Police Services		747,681	541,786	500,000	550,000
43211	Fire Services		2,528,008	2,891,629	2,750,000	2,750,000
43301	Parking Facilities		1,082,121	838,107	825,000	825,000
43311	PWD - Street & Sidewalk Occupancy	/ Fees	4,775,984	3,161,653	3,000,000	3,000,000
43797	PWD - Fiber Optic Rental Fees		423,452	492,893	1,600,000	1,600,000
44002	Tuition & Transportation - Schools		608,106	758,363	525,000	550,000
44101	Library Fees		147,520	220,498	175,000	175,000
44103	Library of Last Recourse		2,622,739	2,700,308	2,341,113	0
45106 47001	Registry of Deeds Fees Telephone Commissions - City		2,343,072 100,240	2,790,873 89,220	354,974 80,000	0 65,000
47117	Worker's Comp. Reimbursement		1,410,192	588,956	1,100,000	1,000,000
47119	Settlements		564,759	820,466	700,000	405,000
47131	Pensions & Annuities		1,850,665	2,285,582	1,900,000	1,800,000
47132	Fringe Benefit & Indirect		1,125,196	936,160	875,000	725,000
47155	Prior Years Reimbursements		2,149,582	2,709,863	2,100,000	2,000,000
47157	Misc. Recovered Revenues		0	836,646	0	0
48000	Police Detail, 10% Admin. Fee		1,652,362	1,916,687	1,950,000	2,250,000
48003	Fire Detail, 10% Admin. Fee		208,319	314,914	315,000	275,000
	Other Misc. Department Revenue		1,103,415	1,331,790	1,686,520	1,542,676
		Subtotal	35,835,613	44,182,219	30,592,607	31,381,956

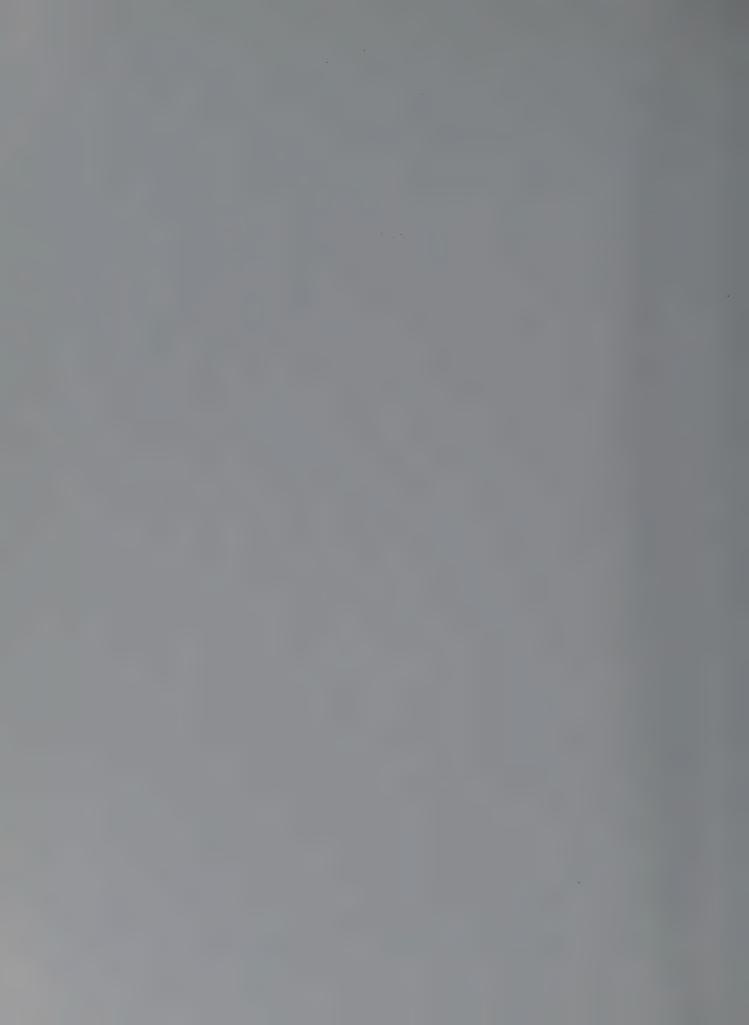
# CITY OF BOSTON REVENUE DETAIL

		FY98 Actual	FY99 Actual	FY00 Budget	FY01 Budget
	LICENSES & PERMITS				
40211	Building Permits	14,757,703	11,404,006	11,500,000	14,000,000
40213	Weights & Measures	153,575	137,615	0	150,000
40215	BTD - Street & Sidewalk Permits	1,204,744	1,355,665	1,200,000	1,350,000
40221	Health Inspections	1,045,703	1,050,064	1,050,000	1,300,000
40222	Alcoholic Beverage Licenses	2,272,565	2,266,072	2,280,000	2,325,000
40224	Entertainment Licenses	479,452	452,792	450,000	475,000
40225	Police & Protective Licenses and Permits	429,209	506,219	475,000	475,000
40229	Other Business Licenses and Permits	910,460	936.523	925,000	990,000
40235	Cable Television	1.887,984	2,554,252	2,500,000	2,900,000
10200	Other Licenses and Permits	280,870	221,688	335,000	380,000
	Subtotal	23,422,267	20,884,895	20,715,000	24,345,000
	PENALTIES & INTEREST				
40133	Penalties & Interest - Property Tax	1,636,080	1,296,780	1,400,000	1,600,000
40134	Penalties & Interest - Motor Vehicle Excise	2,809,178	2,811,533	2,800,000	2,850,000
40136	Penalties & Interest - Tax Titles	5,106,086	6,909,226	5,800,000	7,200,000
	Other Penalties & Interest	83	400	0	0
	Subtotal	9,551,427	11,017,940	10,000,000	11,650,000
	AVAILABLE FUNDS				
42502	Cemetery Trustee	700,000	1,588,608	1,636,159	1,678,386
42503	Parking Meters	8,500,000	1,500,000	10,000,000	10,000,000
	Subtotal	9,200,000	3,088,608	11,636,159	11,678,386
	STATE AID				
41015	State Owned Land	207,244	246,884	306,683	369,912
41101	R.E. Abatements - Veterans	38,033	211,293	211,293	203,552
41102	R.E. Abatements - Surviving Spouses	264,150	264,150	264,150	264,150
41103	R.E. Abatements - Blind	27,300	25,813	25,813	24,867
41104	Elderly Exemptions	728,904	650,090	650,090	577,802
41111	State Lottery Local Aid	49,589,823	55,611,124	61,446,355	60,418,459
41112	Highways	836,476	836,476	836,476	836,476
41114	Veterans Services	1,334,063	834,730	742,937	602,807
41116	Additional Assistance	206,638,214	206,638,214	206,638,214	206,638,214
41119	Racing Taxes	531,176	448,723	426,667	458,333
41301	School Construction	11,229,970	13,329,890	17,074,340	19,823,973
41305	Charter Schools Reimbursement	0	2,193,223	4,846,366	7,645,988
41306	Chapter 70 Education Aid	143,916,033	178,229,434	186,151,815	197,517,540
41307	Charter Schools Tuition	(10,948,104)	(13,421,568)	(16,952,000)	(21,750,663)
41311	School Transportation	9,697,246	10,093,175	9,755,559	10,053,226
41316	Tuition for State Wards Subtotal	644,950 414,735,478	1,148,446 457,340,097	1,177,881 473,602,639	1,257,638 484,942,274
41115	TEACHERS PENSION REIMBURSEMENT	35,275,186	37,283,017	39,000,000	39,000,000
71113		33,273,100	07,200,017	33,000,000	00,000,000
	NON-RECURRING REVENUE				
42501	Surplus Property	0	0	1,000,000	1,000,000
	GRAND TOTAL	1,446,221,643	1,549,425,158	1,611,574,399	1,691,416,928

**Education** 

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Education



### Innovations in Education

#### **Overview**

Improving public education in Boston requires a united effort by students, teachers, parents, communities, schools, and private businesses, along with City and State officials. FY01 represents the fifth year of the Boston Public Schools (BPS) five-year education reform plan, "Focus on Children". BPS continues to make progress toward attaining its goals of improved teaching and learning, but a great deal of hard work is still required. The funding provided for in the BPS Operating budget and the BPS Capital Plan, coupled with many successful BPS initiatives, have provided BPS with the resources necessary to improve student performance.

## **Accomplishments in FY01 and Prior Years**

#### Improvements in Student Performance

The BPS has set in place an accountability process that is designed to improve the entire school system by focusing on school-by-school planning, assessing, reporting, and acting on results. The goal of this accountability process is to promote ongoing improvement in teaching and learning at each and every Boston Public School and classroom within these schools resulting in improved student achievement.

Since the introduction of the Massachusetts Comprehensive Assessment System (MCAS) (1998-1999) and Boston's adoption of the Stanford 9 (1995-1996), students in Boston are demonstrating improvement with increased test results. On scales that measure student performance from a low of Level 1 to a high of Level 4, standardized tests have shown that Boston is moving in the right direction. In each of the last two years, fewer students have tested at Level 1 and more have performed at Levels 3 and 4. In fact, this past year, the rate of improvement for Boston's students on the MCAS tests exceeded the state average.

In addition to student performance, student attendance in Boston has also improved. Student attendance is an issue of high importance for the BPS that has been supported by a change in student promotion policy and the efforts of the BPS, Boston

Police Department, and the State's District Attorney's Office has yielded improvements in student attendance system-wide. Overall, the student attendance rate has increased from 88% in school year 1993-1994 to 92% in school year 1998-1999.

#### Successful BPS Initiatives

The resources provided by the City have been combined with community-based resources and various external resources to produce the following tangible results in the Boston Public Schools:

- Implementing the Transition Services Programs with a focus on literacy:
- Reducing class size in Grade 1 and Grade 2;
- Purchasing of textbooks and instructional materials for Grades 9 and 10 for history and social studies, and Bilingual Education science texts;
- Opening of the Quincy Upper School Pilot School;
- Expanding support for the Cohort structure and BPS' whole school change effort;
- Implementing recommendations of the task force on alternative education;
- Providing bus monitors on all buses transporting students to and from Early Education Centers and Early Learning Centers; and
- Providing additional safety officers at high schools.

These accomplishments are key components in bringing about whole school change. Details on these initiatives and additional accomplishments are included in the "FY00 and FY01 Initiatives" section of this chapter.

#### **Initiatives and Plans for FY01**

#### Initiatives in the BPS FY01 Operating Budget

In FY01, the BPS budget continues to fund many of the initiatives started in the first four years of "Focus on Children". The FY01 operating budget provides funding for:

- The fifth year of "Focus on Children";
- The Transition Services Program with its focus on literacy;
- A comprehensive Math Support Plan designed to help teachers and students meet the high expectations and standards of both the BPS and the Commonwealth;
- Whole school change through support of the "Cohort" structure:
- Reinvention of the human resources function, with spe cific emphasis on increasing capacity to recruit the highest quality teachers in coming years;
- New instructional materials in history, social studies and world languages;

- · Increased enrollment;
- · Fixed costs: and
- Collective bargaining agreements that are currently in place.

These items are all included in the FY01 BPS operating budget of \$591,998,242. More detail on the FY01 BPS operating budget is available in the Education section of Volume II of the FY01 Adopted Budget.

## <u>Initiatives in the Five Year Capital Plan, FY01-FY05</u>

The Five Year Capital Plan continues to provide substantial authorizations for schools capital projects. The FY01-05 Capital Plan includes the following items:

- Construction of 3 new schools, a K-8 school at Orchard Gardens, a 6-8 school at Brunswick Gardens, and a 6-8 school at Mildred Avenue;
- Construction of a major addition at a high school;
- Completion of major renovations at 3 high schools;
- Revitalization of 15 schoolyards;
- Design for electrical and technology wiring upgrades at 29 schools; and
- Siting for additional new schools.

In addition to these highlights, the Five Year Capital plan includes many maintenance projects for windows, roofs, and boilers at schools across the City. Additional detail on capital expenditures can be found at the end of this chapter and in the Education section in Volume II.

#### **BPS Goals**

The BPS implemented a five year education reform plan, "Focus on Children," to improve student achievement. "Focus on Children" serves as a guide to help bring about whole school change. "Focus on Children" highlights the following goals:

- Goal 1: Improve teaching and learning to enable all students to achieve high standards of performance;
- Goal 2: Change the structure of the BPS to focus on student performance and to serve the community;
- Goal 3: Provide safe, nurturing, healthy schools where students receive the support they need to succeed; and
- Goal 4: Engage parents and the community in school improvement through a unified, collaborative structure and effective communication.

Within these goals, the School Committee has outlined three priority areas:

• Student Achievement;

- Instructional Practice through school-wide professional development; and
- · Service delivery.

The BPS has made strides in each of these areas during the implementation of "Focus on Children" reform plan. The FY01 Budget includes funding for the "Focus on Children" priorities.

#### Resources

#### **BPS Operating Budget**

The FY01 BPS Budget is a product of the Boston Public Schools' ongoing effort to align resources with educational priorities. This budget recommendation is the product of many difficult and purposeful decisions. These decisions were made in order to allocate resources to priority areas that most directly affect teaching and learning. This ensures effective, fiscally sound schools where all children are prepared to achieve at high levels.

The FY01 BPS budget continues to build on the previous years' progress. It focuses on improving teaching and learning for all students and concentrating resources at the school level in order to implement citywide learning standards and whole school change.

The BPS budgetary decisions are driven by the development of budget estimates based on rigorous data analysis and management controls.

The funding necessary for the FY01 increases has been partially offset through savings from more cost-effective approaches to program implementation. In addition to more cost-effective program implementation, the following factors were examined during the FY01 budget formulation process: inflation, attrition rates, wage bases, medical insurance premiums, transportation ridership, current year spending, historical expenditures, and the impact of new staff and programs.

#### BPS Operating Budgets, Prior to FY01

In the years leading up to FY01, Boston has been committed to improving education. The BPS FY00 Operating Budget of \$579.2 million includes funding that is:

- A 6.6% increase over the FY99 expenditures of \$543.4 million, while the FY00 total appropriations increased 4.4% over the FY99 expenditures.
- 43.9% of the total FY00 appropriations, an increase from 43% in FY99.
- A cumulative increase of \$171.1 million, or 41.9%, be tween FY94 and FY00

These funding trends continued in the formulation of the FY01 BPS operating budget.

**BPS FY01 Operating Budget** 

In the Mayor's FY01 Budget, Boston continues its commitment to improving education. The total City-Funded FY01 BPS Operating Budget is \$591,998,242. This budget includes funding for 3 of the sixteen collective bargaining agreements and employee agreements that have already been negotiated. It does not include funding for those agreements that have not yet been settled. Employees of the BPS fall under the jurisdiction of 14 collective bargaining agreements and 2 employee groups that are not covered by collective bargaining. Most notably, the contract with the Boston Teachers Union expired August 31, 2000 and is currently being negotiated. The City-Funded FY01 BPS Operating Budget of \$592.0 million is:

- An increase of 2.2% over the FY00 appropriation of \$579.2 million.
- 43.1% of the total city appropriations,
- A cumulative increase of \$184.0 million or 45.1% between FY94 and FY01.

#### **BPS Projects in City of Boston Capital Plans**

BPS Capital Projects, Prior to the City of Boston FY01-05 Capital Plan

The Mayor's commitment to education extends into the Capital Plan. The City of Boston capital projects prior to FY01-05, included funding for BPS projects that totaled approximately \$250.7 million between FY95 and FY00 or approximately 31% of capital expenditures between FY95 and FY00.

These funding levels continued in the formulation of the FY01-05 City Capital Plan and have increased dramatically in the last few years.

BPS Capital Projects in City of Boston FY01-05
Capital Plan

The City of Boston FY01-05 Capital Plan includes funding for BPS projects that total approximately \$349.2 million in planned spending or total approximately 42% of total projected Capital expenditures in FY01-05.

The continuing emphasis on school technology, school renovations, and new school construction are the key factors projected to increase the School Departments share of forecasted capital expenditures in FY01-05.

More detail on school capital expenditures is available in the Education section of Volume II of the FY01 Budget.

#### **BPS Students and Programs**

#### **Student Enrollment**

Student enrollment is the key driver of the BPS budget. Many of the allocations of resources at the school level are determined by the projected enrollment at each school for the next school year. These projections are distributed across all of the programs offered, across all grades, and at every school. As of December 1999, BPS had 63,345 students enrolled. This represents an increase of 261 students from the 63,084 students enrolled in December 1998. There has been an increase of approximately 3,200 students over the last six years, an increase of about 5.2%. (Figure 1.)

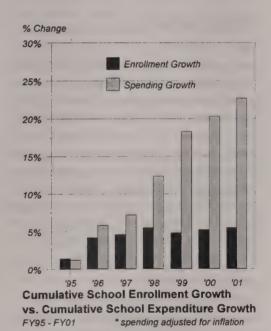


Figure 1

In FY01, enrollment growth is expected to increase in the areas of regular education and special education. A decrease is projected for bilingual education, continuing a multi-year trend. Currently 67% of the students are in regular education programs (including vocational and advanced work), 15% are in bilingual education programs, 9% are in mainstream special education programs, and 9% are in substantially separate special education programs.

Students currently attend sessions at 130 schools including 6 early education and learning centers, 71 kindergarten/elementary schools (K-5), 8 elementary and middle schools (K-8), 20 middle schools, 1 middle and high school (6-12), 18 high schools (9-12), 3 exam schools (7-12), and 3 special education schools (K-12). The BPS also has 5 alternative, non-diploma granting programs, including a college preparatory program for grades 11-12, programs for middle and high school students with disciplinary issues, and a program for students ages 20-22.

The Department seeks to ensure equal educational opportunities and prevent discrimination and inequalities based on racial, ethnic, socio-economic, gender, sexual orientation, or any other reasons. The student population is ethnically diverse. The current enrollment is 49% African-American, 27% Hispanic-American, 15% Caucasian, 9% Asian-American, and less than 1% Native-American.

#### **Programs and Services**

#### Regular Education

Regular education is comprised of grades 1 through 12, kindergarten, and early learning opportunities. The programs offered under this area range from early learning and early education centers to high school programs, from classical education to technology, from social studies to international studies, and from advanced work classes to remedial and alternative education programs. Regular education students are often integrated with bilingual and special education populations. In addition, adult basic education and evening high school programs are available for Boston's adult population.

#### **Bilingual Education**

The BPS ensures that bilingual students receive challenging, rigorous and meaningful instruction in their first and second language and are held to the same high standards as their fluent English-speaking peers. The BPS provides a Transitional Bilingual Education Program to students with limited English proficiency. Of the 9,300 students enrolled in Transitional Bilingual Programs, approximately 61% are Spanish, 10% are Haitian-Creole, 8% are Chinese, 7% are Cape Verdean Creole and 5% are Vietnamese. Programs are also offered in Portuguese, Somali and Greek.

Bilingual education students are assessed and placed according to their English language proficiency. To increase interaction among regular education and bilingual education students, there are

schools with "two-way programs" in English and Spanish. In addition, a number of schools have implemented their own initiatives to promote interaction between bilingual and regular education students.

#### Special Education

The BPS provides special education services to approximately 13,000 students. These special education services are delivered in both public schools and special education private schools. Within BPS, over 1,200 special education teachers work with students with disabilities in meeting the goals and objectives of their Individualized Educational Plans (IEPs). Two-hundred twenty (220) itinerant related service providers, including speech and language pathologists, occupational therapists, and adaptive physical education teachers provide services as determined through the IEP process.

All special education services are provided in accordance with the Individuals with Disabilities Act (IDEA), Chapter 766 Massachusetts State Regulations, Boston School Committee policies, and specific requests related to courts.

Currently, 19.4% of Boston Public Schools have Individualized Educational Plans. This represents a decrease from 22% in 1997-98 school year. The state average is 17% while the national average for urban school districts is 12-14%. Though considerable progress has been made in the area of referrals to special education as well as a reduction in the number of new students placed in out-of-district placements, the number of students placed in substantially separate settings (502.4) requires continued and extensive focus.

55% of Boston Public School students are currently served within separate classroom settings. The national average of students in separate settings is 21% with the state average at 23%.

For the benefit of all of its students, the Boston Public Schools cannot continue to place an inordinate number of students directly in substantially separate settings. This pattern is both troubling and disturbing from a regulatory perspective (it indicates a departure from the least restrictive environment mandate) and a budgetary perspective (it drives the need for additional staffing and costs).

Boston can continue to make strong progress in providing appropriate services to students with disabilities. However, Boston cannot do it alone. As a result, the City of Boston with the Superintendent of Schools, has joined with others in urging legisla-

tive reforms to align our standards with those at the federal level.

#### Support Services

Students in all programs take advantage of the wide range of the support services in the schools. The scope of services available to students has changed and increased significantly. This expansion of student support is designed to better the system's capacity to address the changing needs of students. School medical services, psychological services, guidance services, and support services are offered across all grade levels. In addition, collaborative arrangements with human services and community agencies supplement the support services offered to students and their families.

#### **Accomplishments and New Programs**

#### FY00 and FY01 Initiatives

The School Department has been successful in moving forward with all of the FY00 BPS initiatives listed in Table 1. Table 2 highlights major initiatives and plans for FY01. (Tables can be found at the end of this chapter.) These tables, however, are not meant to be comprehensive listings of all achievements or plans of the Boston Public Schools. Some of the initiatives for FY01 represent the next phase of prior year initiatives, which demonstrates a school system that is following through on a multi-year plan of educational reform. In fact, in many instances, the BPS is strengthening its commitment to prior years' initiatives.

#### **Alternative School Designs**

#### **Pilot Schools**

Pilot schools were developed through the BPS/BTU collective bargaining contract. Pilot schools, also known as in-district charter schools, are established through proposals submitted in a Request for Proposals process, in which at least one of the individuals submitting the proposal is a BPS staff member. The pilot schools are free from the union contract and School Committee rules and regulations.

There will be a projected 2,412 students being educated in Boston's pilot schools during school year 2000-2001. Pilot schools can serve as useful examples of cutting-edge education practices. However, not all educational methods are transferable to all classrooms. A large number of the education ini-

tiatives in pilot schools can be associated with the decisions that can be made because of the managerial flexibility available to them at the school level.

The budget for each pilot school is based on the average per pupil grade level cost. The per-pupil cost allocated to the pilot schools includes all instructional, administrative and support services costs except for transportation and the cost of educating private placement students. The per pupil cost of pilot schools students is part of the BPS operating budget.

Boston currently has the following nine pilot schools: Fenway Middle College Pilot School; Young Achievers Science and Mathematics Pilot School; Lyndon Pilot School; Greater Egleston Community High Pilot School; the Mission Hill Pilot School; Harbor Pilot School; Multicultural Pilot High; Boston Arts Academy Pilot School; and Quincy Upper Pilot School.

The City has shown a strong commitment to the arts by opening a pilot school centered on the arts. In September 1998 the Boston Arts Academy opened its doors. The Arts Academy is the result of a great deal of support and guidance from the Pro Arts Consortium. Nearly \$8.5 million will be spent on the arts in FY01 including all funds and the arts programs at the Arts Academy.

#### **Horace Mann Charter Schools**

A Horace Mann charter school represents all or part of a public school operated under a charter approved by the local school committee and local bargaining agent, granted by the Board of Education. A charter is granted for five years and is renewable. Educational assessments are conducted by the State, and charter schools are required to comply with state regulations on testing and assessments. All charter schools will be required to measure their progress against the goals set under their charter and make a formal annual report. In addition, there will be site visits to assess each charter school's progress.

A Horace Mann charter school annually submits a budget request to the Superintendent and School Committee. The cost of Horace Mann charter schools is included in the BPS operating budget. A Horace Mann charter school shall not receive less than it would under the district's budgetary allocation rules.

(Two schools were originally founded as pilot schools, but have recently been designated as Horace Mann charter schools by the Board of Education. These two schools, the Health Careers Academy and the Boston Evening Academy are projected to serve 348 students in FY01.)

#### Commonwealth Charter Schools

Commonwealth charter schools differ from pilot schools and Horace Mann charter schools because granting of their charter does not require the approval of the school committee or school unions, and they do not submit annual budget requests to school committees. Commonwealth charter schools are public schools established by charters granted by the Board of Education independent of local school committees, in accordance with the Education Reform Act of 1993. The costs of these schools are paid for by the City of Boston, outside of the BPS operating budget.

During FY01 2,092 Boston students were projected to attend ten Commonwealth charter schools. In FY01 this enrollment is projected to increase by 589 to 2.681.

Seven Commonwealth charter schools are located in Boston: the Renaissance Charter School, City on a Hill Charter School, the Neighborhood House Charter School, the Pacific Rim Charter School, the South Boston Charter School, the Conservatory Lab Charter School and the Roxbury Preparatory Charter School. Boston students attend three other charter schools located outside of Boston. These charter schools are the Benjamin Bannecker Charter School in Cambridge, the South Shore Charter School in Hull, and the Somerville Charter School in Somerville. Two new Commonwealth charter schools, Frederick Douglass and Media and Technology, are scheduled to open in FY01.

Beginning in FY99, there was a change in the method of financing Commonwealth charter schools. The state absorbed 100% of the first year costs for new commonwealth charter school students at new or existing commonwealth charter schools, 60% of the students' second year costs, and 40% of their third year costs. The City of Boston is scheduled to assume the full tuition cost by the students' fourth year.

Boston will pay a projected \$17.0 million in FY00 and \$21.8 million for FY01. State reimbursement is projected to be \$4.8 million in FY00 and \$7.6 million in FY01.

#### **External Resources**

#### **External Funds**

Overall, the BPS is projected to receive \$99 million in external funds in FY01. The BPS receives external funds through formula grants, competitive grants, reimbursement programs, revolving accounts, and other grants. Compared to FY00 funding, the projected amount for FY01 is increasing by \$2.3 million or 2.3%. The annual percentage increase is much slower than that of the last several fiscal years, with increases of more than 10% in FY99 and FY00. FY01 projections are based on reasonable, but conservative, estimates since the FY01 federal budget has not been adopted.

External funds are important to the overall success of the Boston Public Schools. They provide a source of funds that are targeted for specific purposes that enhance teaching and learning. An example of this is the resources provided for professional development, an essential component of whole school change. The BPS has pursued expansion of professional development on several fronts: the Annenberg Challenge Grant, the Boston Plan for Excellence, and the Eisenhower Professional Development funding. With a variety of matching requirements, a multi-fund approach is being used in many of these areas. These programs provide teachers with many of the latest teaching techniques, best practices and opportunities for coaching, mentoring, and common planning time.

Another example of the educational support received from external entities is the work of the Pro Arts Consortium, which has helped form the BPS Arts in Education policy. Over 75 professional development workshops were offered to teachers to help support the integration and infusion of arts activities into all core areas of the curriculum.

Students take advantage of more than 50 special arts initiatives (programs, exhibits, performances, festivals, etc.) throughout the system. These initiatives are in the areas of creative writing, dance, music, theatre, and the visual arts, and are possible due to the assistance of grants, material donations, and volunteers.

#### Chapter 70 Aid

The Education Reform Act of 1993 is a multi-year commitment by the State to increase and equalize funding for local education. Since the FY94 state budget, the Education Reform Act's financing formula has affected the amount of education aid the

City has received. The Education Reform Act has also required the City to spend at or above the education maintenance of effort, which it has done. The City of Boston received \$66.6 million in FY94, \$81.6 million in FY95, \$92.1 million in FY96, \$115.5 million in FY97, \$143.9 million in FY98, \$178.2 million in FY99, and \$186.2 million in FY00. The average yearly percentage increase has been 18.9%. The FY01 state Budget includes \$197.5 million in Chapter 70 Aid for Boston, an increase of \$11.4 million over FY00, with a provision that \$1.6 million go to the School Committee upon its request without approval of the appropriating body. It includes an increase of \$175 in minimum aid per student over FY00.

The State FY01 Budget increases Chapter 70 Education Aid statewide by \$187.1 million.

Based on the FY01 State Budget, between FY94 and FY01, the City will have received an increase of \$131 million in Chapter 70 Aid as compared to the \$185 million by which the City has increased the School Department budget in the same time period. (Figure 2.)

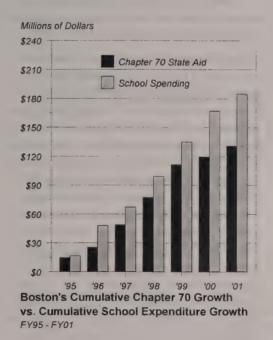


Figure 2

The City receives education aid as part of its total state aid. It is passed directly to the City's general fund with the exception of the \$1.6 million as noted above. As a source of revenue, the Education Aid to Boston proposed in the final State FY01 Budget, after it has been reduced by charter school tuition

costs, represents only about 31% of the total funding for the adopted FY01 BPS operating budget.

#### **Private Partnerships**

The BPS has continued a long-running tradition of working with numerous independent organizations to help bring additional resources, expertise, and guidance to the youth of Boston and BPS students. It is an important goal of the School Department that each school will have established a partnership with not only a college or university, but also with a business or foundation, arts or cultural organization and health or human services provider.

According to the Private Industry Council (PIC), far in excess of \$20 million is contributed by companies through in-kind contributions and services, and student wages. Some examples of these types of partnerships are:

- Summer Jobs Program Over 1,000 companies participate in the summer jobs program, with many businesses offering multiple positions to the youth of Boston. Approximately 11,000 jobs were provided to Boston's youth in the summer of 1999; a large number of those jobs were provided through the PIC.
- Technology Initiative Over 100 businesses have contributed in the form of direct partnerships with the schools and other forms of system-wide assistance.
- ReadBoston Initiative Every week 1,000 volunteers are tutoring children in reading through the ReadBoston Initiative.

In addition to business partnerships, the BPS is the beneficiary of a consortium of higher education institutions. According to the Boston Higher Education Partnership, 28 colleges and universities have formed a consortium that provides the largest amount of funding and services to a single urban school district in the entire country. This steadily increasing assistance comes in the form of scholarships, pro-bono assistance, and external grants.

In addition to college, university and business partnerships, the School Department is also striving to strengthen partnerships with arts and cultural institutions and health and human services providers. According to the Boston Cultural Partnership, over 60 cultural organizations, ranging from internationally-known cultural institutions to community based organizations to individual artists, offer programs to 95% of Boston Public Schools. About 74% of the students served in these programs are at the elementary level.

#### **Formal Budget Procedures**

#### Governance

The seven-member Boston School Committee is appointed by the Mayor to staggered terms and serves as the policy-making body of the Boston School Department. This structure was affirmed by the voters of the City of Boston in a referendum held on November 5, 1996. The Committee appoints a superintendent who serves as the chief executive officer of the Boston Public Schools. The superintendent is responsible for management and supervision of the public schools. The superintendent reports directly to the School Committee and also serves as a member of the Mayors Cabinet. At each school, school-site councils have been established. The school-site councils consist of the building administrator, parents, teachers, representatives of collaborating institutions and, a student at the high school level. The council's role is to assist the principal or headmaster in decision-making processes.

#### **The Operating Budget Process**

The operating budget serves as an operational plan, stated in financial terms, for carrying out the goals of the school system. The operating budget is developed in accordance with the goals and objectives approved by the School Committee, and it is based on what the Superintendent, staff and community want the public schools to accomplish during the fiscal year.

The public school operating budget is developed under the following statutory schedule:

- The Superintendent shall submit to the School Committee an annual operating budget for the next fiscal year by the first Wednesday in February.
- The School Committee shall submit to the Mayor estimates of the next fiscal year's operating budget by the fourth Wednesday in February.
- The School Committee may adopt, reject, reduce or increase any item in the Superintendent's recommended operating budget. If the School Committee fails to take action on the Superintendent's recommended operating budget by the fourth Wednesday in March, the budget recommended by the Superintendent shall be deemed as if approved by the School Committee.
- After School Committee approval of the next fiscal year's annual budget, the Superintendent shall submit the budget to the Mayor who may approve or reduce the total recommended budget, but who may not allo cate among expenditures.
- The Mayor must submit the school's operating budget to the City Council for appropriation.
- The City Council shall vote on the total amount of the appropriation requested by the Mayor. The City Council

cil shall not allocate the appropriation among expenditures.

#### **Capital Improvements**

#### **Capital Improvements**

A major focus of the FY01-FY05 Capital Plan is to ensure Boston's educational facilities are equipped to meet the needs of the City's families. As a result, about \$349.2 million is outlined for School facilities and equipment in the Five Year Capital Plan. In FY01, \$115.1 million in new authorization will be requested for BPS needs, including construction of three new schools, technology enhancement, accreditation, and general improvements.

Between FY95 and FY00, \$250.7 million in capital dollars were expended for school projects. Extensive renovations to school facilities are constantly underway throughout the City's neighborhoods, including new roofs or major roof repairs, masonry work, and new or repaired windows. Renovations to 22 schoolyards have been completed citywide. An additional 15 schoolyards are expected to be in the construction phase while 8 more are expected to be in the design phase in FY01.

Capital investment in high schools has resulted, once again, in all schools either maintaining or improving their accreditation status in the last year. The science laboratories at Dorchester High School are being updated and renovated as part of an ongoing effort to address potential accreditation requirements. The City's commitment to its high schools is further demonstrated in the total renovations to East Boston High School and Hyde Park High School which will be completed by school reopening in September. The major renovation and construction of an addition at Boston Latin School is scheduled to be substantially complete in FY01. Together, these three projects represent an investment of approximately \$90 million. Additionally, the City will purchase \$1.2 million new vocational education equipment for the Humphrey Occupational Resource Center.

The City has made great strides towards achieving the Mayor's goal of adding technology throughout the schools. Complete electrical upgrades and technology wiring began in FY99. The plan calls for schools to receive appropriate electrical and technology wiring upgrades in the coming years. Fortunately, some of the technology work is discountable at a rate of 80-90% through the Federal

Communications Commission Universal Service Fund.

The Capital Plan from FY01 and prior years has provided for a number of major accomplishments including:

- Upgrading or reaffirming 10 high schools at full ae creditation since January 1996;
- Becoming the first major urban public school district in the United States to have all schools wired to the Internet:
- Providing full electrical and technology wiring up grades at 65 schools;
- Completing construction on two major high school renovations, Hyde Park High and East Boston High;
- Construction of an addition and major renovation at Boston Latin school
- Completing the revitalization of 22 schoolyards.

In addition, the FY01-05 Capital Plan includes the following items in FY01:

- Construction of 3 new schools, a K-8 school at Orchard Gardens, a 6-8 school at Brunswick Gardens, and a 6-8 school at Mildred Avenue;
- Siting for additional new schools;
- Masonry repairs at 20 schools;
- Roof replacements at 5 schools;
- Construction and installation of modular classroom fa cilities at the Lyndon Pilot School and the Quincy Up per Pilot School;
- Design of full electrical and technology wiring upgrades at 29 schools; and
- Begin the construction phase of renovating 15 schoolyards, and begin designing another 8 schoolyards.

These items are highlights of school projects in the Five Year Capital Plan and are accompanied by a wide assortment of maintenance projects for schools including, window replacement, roof maintenance, boilers and HVAC system repairs.

#### **School Building Assistance**

The Commonwealth of Massachusetts School Building Assistance (SBA) program, managed by the Department of Education (DOE), is designed to assist cities and towns in building new schools or in renovating existing ones. Under the current program the City is reimbursed for 90% of the cost of eligible construction projects.

The SBA program is divided into two classes of projects: capital construction and major reconstruction. Capital construction includes new construction, building additions, and substantial renovations to existing schools. Major reconstruction includes projects that typically involve a single trade, such

as a roof replacement or cover a type of improvement such as handicapped accessibility.

Capital construction projects are prioritized into three categories. Category 1 projects support and promote racial balance plans; Category 2 projects address overcrowding and increasing enrollment; Category 3 projects address significant other needs. Criteria including the existence of dual issues (i.e., racial imbalance and overcrowding), and the loss or potential loss of accreditation further prioritizes each category.

Major reconstruction projects are funded based on the date of application. State funding for this program has not kept pace with project demand and a significant backlog and waiting list now exists. Today, cities and towns wait several years before receiving the first reimbursement payment.

The reimbursement period generally corresponds to the term of outstanding debt for each school project. Reimbursement payments are made to the City's General Fund and are included as part of the annual State Aid package. In FY01 reimbursement payments are forecast at \$19.8 million. Reimbursement payments due between FY01-FY05 are forecast at \$102.0 million.

## The Technology Initiative and Universal Services Funding

The City of Boston and Boston Public Schools have committed to wiring schools to the Internet and providing students with access to technology in the classroom. This commitment involves a vast array of planning, communication, coordination, resources, and partnerships among the BPS, City departments, communities and private companies.

The Federal Communications Commission (FCC) has established the Universal Services Fund (USF) to assist school districts with communications and Internet access, infrastructure, and services.

The USF funding was formerly directed toward providing telephone companies with incentives to wire isolated rural areas that would otherwise be cost prohibitive. As most of the United States is currently wired for phone service, the FCC decided to shift the majority of these funds toward helping schools obtain Internet access.

The USF is a fund that reimburses school districts for:

 Internet Access: periodic charges for communication lines and charges from Internet Service Providers (ISPs); and  Infrastructure Costs Associated with Obtaining Internet Access: one-time construction costs specifically related to networking, and incurred within a school building to wire the building for technology.

These reimbursable items provide significant assistance with jump-starting the technology initiative, however they do not address the operational costs such as:

- Planning development and design;
- Power electrical service and distribution;
- Hardware computers, printers, and peripherals;
- Security hardware lockdown devices and electronic security devices;
- Consumables paper, disks, and cartridges;
- Software Licenses;
- Technical Support, or
- Professional Development and Training provided for staff in and out of the classroom.

These components of the technology initiative are provided with resources in the BPS Operating budget and the City of Boston Capital Plan. The FY01 BPS Operating Budget includes more than \$3 million for technical support and professional development. The FY01-05 City of Boston Capital Plan forecasts for spending for FY01 include \$5 million for hardware and software and over \$8 million for network infrastructure. These funds are combined with funds and services received from various partnerships to provide access and exposure to technology.

The costs to provide access to technology and the Internet can vary significantly from facility to facility. Many of Boston's older schools currently have:

- No defined conduit in which to run data or electrical lines:
- Concrete or plaster walls that do not allow for easy in stallation of wiring, like modern drop ceilings;
- Inadequate electrical service to the building;
- Inadequate electrical distribution throughout the building:
- Inadequate number of phone lines.

These infrastructure items, combined with the unique nuances of each school, can dramatically increase costs. The per-square-foot cost of wiring an older school with appropriate technology wiring and electrical service can be 200% or 300% of the per-square-foot cost of wiring a modern building.

The vast majority of BPS schools are older schools, with minimal electrical service and distribution. With these dramatic costs on the horizon, the Technology Taskforce will undertake a wholesale evaluation of the BPS technology plan. The plan

will focus on evaluating and balancing programmatic needs and new networking technologies. The product of this focus will drive the initiative to continue on the most efficient and effective path for the future.

#### Table 1: FY00

#### **FY00 Initiative**

Comprehensive Literacy and Math Initiative with Transition Services: Implement system-wide.

Second Grade Student / Teacher Ratio: Reduce from 28:1 to 25:1.

Texts and Instructional Materials: Purchase in coordination with curriculum frameworks.

Pilot School Initiative:

New Financial, HR, and Payroll System: Implement BAIS.

Whole School Change:
Continue implementation of Cohorts.

Alternative Ed. & Education of Older Students:
Provide programs in accordance with taskforce recommendations.

Advanced Work Classes: Increase the number of classes offered.

2:00 to 6:00 Initiative : Expand facilities and support.

Student Safety:
Address bus safety for the youngest children.

Student Safety:
Address safety at high schools.

**Student Support Coordinators:** Continue at high schools.

Tech Boston Program: Increase commitment to Tech Boston.

Facilities Maintenance: Increase level of facility maintenance.

Human Resources: Improve organization & service.

#### FY00 Plan

Provided \$21.8M from all funds for transition programs, including after-school, summer, and in-the-classroom assistance with a focus on literacy and math.

Hired approximately 20 additional teachers to implement the lower 25:1 ratio in the second grade throughout the school system.

Purchased texts and materials for grades 9 and 10 for History and Social Sciences, and also Science instructional materials for Bilingual students

Opened the Quincy Upper School in the Fall of 1999.

Utilized the new comprehensive financial system, BAIS, centrally and at the school levels.

Implemented Cohort 4 whole school change model

Provided for the implementation of taskforce recommendations, including the education of older students with an all-funds approach.

Provided for additional advanced work classes to all eligible students in the middle schools.

Provided for custodial services and utility needs with the expansion of 20 sites.

Provided bus monitors on all buses transporting children to and from ELCs and EECs.

Provided 3 additional safety officers at the high schools.

Continued commitment to Student Support Coordinators with general funds for FY00.

Continued commitment to Tech Boston program with General Funds for FY00.

Provided a 5% increase in funding for facility maintenance in the schools.

Provided funding to reinvent organization & service.

#### Table 2: FY01

#### **FY01 Initiative**

Transition Program: Focus on literacy and math in transition grades.

Math Support Plan: Initiate across all grades.

Texts and Instructional Materials: Purchase in coordination with curriculum frameworks.

Whole School Change:
Continue implementation of Cohorts.

Human Resources: Increase the capacity of recruitment.

High School Accreditation: Replace vocational education equipment.

Alternative Education:
Provide programs in accordance with taskforce recommendations.

#### FY01 Plan

Sustain \$20 million commitment to help our lowest performing students to meet rigorous standards, with a focus on literacy and math in transition grades.

Build on the successes in improved literacy by initiating a broader effort in mathematics across all grades.

Purchase new textbooks and instructional materials in World Languages, History & Social Studies, Classroom Libraries, and English as a Second Language.

Provide financial support to fund a continued commitment to whole school change in every Boston Public School through the "Cohort "structure.

Reinvention of the human resource function, with specific emphasis on increasing capacity to recruit and hire the Highest quality teachers in the years to come.

Provide specific support for vocational education equipment replacement to maintain accreditation status for vocational education programs.

Expand opportunities for success for disruptive and overage students in alternative education settings, consistent with the recommendations of the Alternative Education Task Force.

**FY01 Budget and Performance Goals** 



## **Budget and Performance Goals**

#### INTRODUCTION

Leveraging the talents of our diverse community, each year the City of Boston provides a wide variety of programs, services, and events. During the annual budget process our goal has always been to seek a mix of City resources to provide and address the essential needs of the citizens of Boston, as well as to continue to present a city that is attractive to visitors. Once resources have been allocated through the budget process, the City monitors its performance with a view towards continuously recognizing its goals of efficiency, effectiveness, and service to its residents. There is a continual need for information and analysis covering the full spectrum of services and programs in order to have the data with which to make and evaluate future budgeting and program decisions. These needs are met through program evaluation and performance measurement activities that continue throughout the fiscal year.

This section provides an overview of the City's budget cycle, as well as program evaluation and performance measurement efforts that contribute to the overall pursuit of excellence.

#### THE BUDGET CYCLE

The City Charter contains legal deadlines and actions that must be followed in adopting the budget. The deadlines and formal actions, as well as the actual or planned dates for the 2000-01 budget development process are shown in Table 1.

#### **Budget Development**

The structure of the budget and budget process highlights the need for timely, reliable and useful information to be available for managing and assessing the government's operating performance. The budget should be formulated using accurate and reliable data on program performance to strengthen accountability and improve recognition of the long-term impact of today's budget decisions.

Boston integrates goal setting, program budgeting, and performance reporting processes into a single annual cycle, linking service outcomes to resources. The process begins with the identification of departmental objectives. The Office of Budget Management (OBM) works with each department to set clear performance goals for the upcoming fiscal year. These goals should be relevant to the department's mission and reasonable in terms of attainment, but still challenging to achieve. For each objective, the department should identify at least one key measure of success or outcome.

Departments must prepare budgets within the financial parameters established to accomplish the identified departmental outcomes and goals. As such, department managers are ultimately responsible for determining what level of service can be supported with the resources provided, for example whether 15 or 30 miles of roadway can be reconstructed or resurfaced.

#### Key Dates in the Budget Cycle

ACTION REQUIRED	CITY CHARTER	PRESCRIBED DEADLINE	2000-01 DATES
Superintendent of Schools proposed budget due to School Committee.	Chapter 613, Acts, 1987	On or before the first Wednesday in February.	February 2, 2000
Department proposed budget due to OBM.	No requirement	On or before February 25, 2000.	February 25, 2000
Mayoral meetings with departments.	No requirement	March	March 15 – 27, 2000
School Committee Action on the annual budget.	Chapter 613, Acts, 1987	On or before the fourth Wednesday in March.	March 22, 2000
Mayor's proposed budget for ensuing year submitted to City Council.	Chapter 190, Acts, 1982 as amended by Chapter 701, Acts, 1986	On or before the second Wednesday in April.	April 12, 2000
Public hearings are held prior to budget adoption.	No requirement	April - June	April – June. 2000
City Council action on recommended budget.	Chapter 190, Acts, 1982 as amended by Chapter 701, Acts, 1986	On or before the second Wednesday in June.	June 14, 2000
Mayor's approval of budget passed by City Council.	No requirement	On or before July 1, 2000	June 30, 2000

Table 1

Department managers define baselines, identify service trends, and set specific measurable service levels to be accomplished. This process may involve adjusting amounts budgeted for programs, redesigning processes to increase productivity, or increasing or decreasing programs to adapt to changing priorities or resources.

With the information on trends in services and resources, program budget decision packages are prepared for the Mayor's approval. Policy discussions are held using the budget decision packages to aid final resource allocation decisions, by defining costs and tradeoffs under alternative service delivery options.

#### **Budget Approval**

The program budget, including all departmental objectives and outcomes, is submitted to the City Council for approval. It is in the budget debate that the City determines what services it will provide and the manner in which it will provide them. The final approved budget marks the Mayor's and the City Council's commitment to provide the citizens of Boston with an effectively funded scope of services.

#### **Accountability for Performance**

Budget implementation follows City Council approval. Throughout the fiscal year, reporting, evaluation and analysis play key roles. The departments and OBM monitor financial and operational performance on an ongoing basis via monthly Expenditure Variance Reports, Revenue Variance Reports, Management Information Reports (MIRs), and Nothing but the FACTS reviews (described below) to ensure accountability for performance.

Reported performance data from the current year are used to determine whether and how goals should be modified for the upcoming fiscal year. Changes are incorporated into the goal-setting process, and the entire process begins again.

### PROGRAM EVALUATION AND PERFORMANCE MEASUREMENTS

There is a common recognition among City departments that we should always seek to improve service delivery. From bindery services to the delivery of recreation, employees are working together and continuing to improve service delivery every day. There are numerous areas of the Administration that must, by their nature, work closely in conjunction with other City departments. On August 27,

1999, the Mayor announced a new program evaluation initiative. This evaluation effort, officially known as Nothing but the FACTS, is an objective, open, and independent analysis of the performance of a City organization, program, activity or function. The FACTS program will inform management discussions and foster interdepartmental communications by providing accurate information, unbiased analysis, and objective recommendations. The City recognizes that while a lot can be done within single departments, much more can be accomplished through cross-department integration of effort.

#### **Program Evaluation**

The FACTS program goal is to contribute to the Administration's efforts to create a City government that works better, costs less, and gets results. By providing reliable information, unbiased analysis, and objective recommendations year round to inform budget development, OBM contributes to the better coordination of cross cutting City programs and continual improvement of service delivery. In addition, this work identifies and develops benchmarks to measure City services.

The Nothing but the FACTS work is performed by OBM's staff. OBM conducts program evaluations and other special studies at the direction of the Mayor and the Cabinet. Teams of two or three staff members are established to review specific objectives. OBM provides oversight of department operations by assisting departments to review existing activities and services in order to answer the following basic questions:

- what services are being provided?
- can these be provided more efficiently or better?
- are there different services or service configurations that would reach more people, more effectively?
- are there programs or services that have outlived their usefulness and should be eliminated?

The OBM teams study the effectiveness of operations and identify findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are appropriated and approved. The analysis is shared with the departments for their review and comment.

#### **Summary Highlights**

The City is proud of its contributions to improving government services. The FACTS program has increased communications among departments, brought experts in various departments together, and provided reliable information to change the way we do business. The FACTS program process has harnessed the departments' expertise and information to take a critical look at operations.

OBM evaluation findings and recommendations result in or contribute to performance improvements in a wide variety of government operations and services. Many findings and recommendations, as well as other information from OBM, lead to direct financial benefits that impact the bottom line in government budgets and expenditures. Examples of contributions to improving City government performance include:

- OBM established the Nothing but the FACTS
   program to evaluate City organizations, operations, and service delivery. OBM was responsible for training the staff to serve as inter-departmental evaluators. OBM staff participated in sessions on program evaluation, interviewing, the fundamentals of evidence, and documentation. The curriculum included internal training as well as federal and state classes.
- The Boston Public Library Bindery team enabled the City to streamline its bindery operations. The team took on the challenge of tracking down all the City costs associated with bindery operations and identifying high technology, lower cost alternatives
- The Facilities Management team created a forum to bring various department experts together to improve management of contracts related to custodial care of City buildings. The team brought three departments together and assisted the departments to identify common services the City purchases for the care and cleaning of City buildings. The departments are working together to streamline the administration of common contracts for items such as elevator service, rodent control, and heating and air conditioning systems. The improvement in management will be measured in terms of improved service and dollars saved. The team also highlighted the need for the City to identify a facilities expert to focus on the development of cleanliness standards, provide coordination among departmental facilities managers, present comprehensive information to senior management, and review facilities management expenditures within the City, by department, type of work performed, and contract.
- The Public Works Department Roadway Construction Oversight team worked cooperatively

- with roadway construction experts inside and outside the City to identify opportunities through training and technology to improve operations.
- The Recreation Programming team, working with the Parks and Recreation Department, Boston Community Centers, and Boston Public Schools, has started a phased process that will change the way the City provides recreational opportunities to Bostonians. A recreational director position has been established to coordinate current recreation programming and develop a road map for the future.

#### Service Areas For Future Studies

Many of the City's departments find themselves encumbered with structures and systems aimed at the demands of earlier times. In some instances, services as diverse as recreation, collection and disposal of waste and permitting for public use of City facilities, are provided through overlapping efforts in various City departments and programs.

During the budget process, Mayor Menino scrutinized how City government resources could be better applied to improve services. The Mayor recommends the examination of several interagency and other working relationships in order to determine organizational alternatives that will improve outcomes and better serve the citizens of Boston. Service areas discussed for further study include:

- After school programming,
- City towing operations.
- Recreation programming,
- Trash collection from City property and venues,
- · Printing, and
- Permitting for the use of grounds or facilities.

#### **Performance Measurement**

OBM works with Departments in developing, monitoring, and using performance measures. Performance measurement serves a number of external as well as internal departmental purposes. Performance measures are developed as part of the planning process and flow from the mission, goals, and objectives with an emphasis on serving the department's customers. Funding decisions are clearly influenced by departmental projected and actual performance. For example, the Purchasing Department was able to take advantage of technology that improved access and availability of a City publication by making it available on the internet. The City's practice of the department working in cooperation with OBM to monitor performance al-

lowed the City to track the reduction in printed publications and therefore accurately re-allocate resources previously used for printing costs.

Another example of the use of performance measures to allocate resources is in the Administration's mission of preserving safe neighborhoods. To contribute to this City-wide goal the Boston Public Health Commission is focused on improving the safety in neighborhoods by expanding the "Walk this Way" campaign to reduce vehicle-related pedestrian injuries. The goal is to reduce the number of pedestrians needing transport to the hospital by Boston Emergency Medical Services by 10 percent over three years. The Public Health Commission will project their annual performance and based on the outcome reallocate the resources.

The departments identify missions, goals, and objectives they wish to accomplish and the measure with which they will track their success. The measures used are intended to help focus department efforts on achieving priority goals and objectives. Departments project their annual performance for key and non-key measures in operating budgets. Departments, with OBM support, measure and monitor their performance monthly. Performance measures are used by decision-makers in allocating resources and determining appropriation levels.

The performance information drives decisionmaking and focuses the appropriations process on outcomes. The emphasis is on what City departments accomplish instead of just what they do. **Financial Management** 

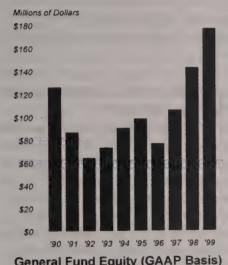




## Financial Management of the City

Managing the City's finances involves both a strategic and operational component. Strategically, the finances must be managed to accommodate fluctuations in the economy and resultant changes in revenues. Operationally, the City must put in place clear financial goals, policies, and tools to implement the strategic direction.

Over the previous fourteen years, the City's management of its finances has resulted in an upward trend in general fund equity. This trend was interrupted by only two events: the dramatic state aid reductions in FY91 and FY92; and, the merger of the cities two public hospitals with a private hospital to form a new private entity in 1996. It is expected that the latter event improved the City's future financial outlook by shielding the City from the likely growth in hospital subsidies that would have been required without the merger. (Figure 1.)



General Fund Equity (GAAP Basis)

Figure 1

Deciding to build the City's new convention center also called upon the financial management skills of City officials. Sharing a significant portion of the future cost of the project with the state will be accomplished without impairing the future delivery of city services. The City also absorbed a large increase in its pension liability due to a switch from the state to the city for funding the cost of living allowances given during FY99 and beyond. This increased liability was built into the City's pension

funding schedule without impairing the delivery of the current level of city services, and also without sacrificing the conservative pension funding assumptions that the City has maintained since the early 1990s.

Below are descriptions of some of the financial management tools the City has utilized to achieve positive results.

#### STRATEGIC FINANCIAL MANAGEMENT

Maintaining a healthy financial base that fully supports City services according to mayoral priorities requires constant vigilance. This work is reflected in balanced budgets, restructuring and reshaping City services, new financial management systems, efforts to secure sound recurring revenues, and responsible spending adjustments in light of revenue growth limitations. Inevitable fluctuations in the economic cycle mean that Boston must expect and be prepared to affirmatively tackle the financial challenges ahead.

The City's revenue growth has been strong since FY94. Consequently, Boston has been and continues to be in a solid position to maintain its current level of services. Due to shifts that can quickly occur, whether in state policy or in the regional economy, the City remains alert to potential reversals in its fiscal prospects. Consequently, the City is taking the following steps to maintain fiscal health in the years ahead.

#### **Strategic Economic Development**

At the core of city government finances is a healthy Boston economy for all citizens. A critical area for economic development in Boston is the building of a new convention center. With the leadership of the Mayor, Governor, and legislative leaders, the Boston Convention and Exhibition Center is on its way toward completion. Using \$157.8 million in loans authorized by the City Council, the City has completed land acquisition and is near completion on site preparation. The loan will be supported by increased hotel excise revenue (from increased rates and from new hotels) and from other new revenue sources. The Commonwealth will be covering the cost of construction.

Additionally, as interest in commercial development in Boston heats up, the Mayor has put everyone on notice that all decisions on when, where and what to build will be made with the interest of the City as a whole in mind.

#### **Maximizing Return on Investment**

Through various channels, the City's administration works to maximize the service delivery provided per dollar of revenue. In 1993, city government was reorganized into a cabinet structure that forces accountibility. Today, work continues to constantly reassess the management organization and distribution of finances toward priority goals that maximize return on investment. The Office of Budget Management (OBM) continues to inform management financial decisions through service-based budgeting and objective assessments of cost efficiencies and service delivery in certain areas.

Ongoing investment in the city's resources – people, property and systems—is key to guaranteeing solid service delivery for the future. Capital investments are made as part of the annual city budget, weighing changing service needs with the need for adequate building maintenance and upgrading. Human resource training has included specialized management training and a new performance appraisal system. The City's technology needs are continually assessed and updated on an ongoing basis. The City has recently implemented its first enterprise wide management information system.

#### **Diversify the City's Revenue Stream**

Eighty percent of total general fund revenue comes from just two sources, the property tax and state aid from the Commonwealth. Both of these revenues are strictly controlled by state law and state legislative action. Therefore, the City remains alert to the possibility of diversifying its revenues. For example, in order to support the funding for the convention center, the City did not draw upon the current revenue base. Instead, new City revenue sources were established and earmarked for convention center funding. Among the city and state funding sources is an increase in the hotel excise tax in Boston and Cambridge, the full hotel excise tax for new hotels, the earmarking of certain state taxes in a convention center district, a car and truck rental fee, and the sale of additional taxi medallions. These revenue sources are targeted at those who will use the convention center or businesses that

will profit from convention center activity, rather than burdening city residents. In spite of the increase, the hotel tax rate remains competitive with other major U.S. Cities.

## Protect the City from Sudden, Unexpected Catastrophic Financial Losses

Risk management efforts work to protect the City from sudden adverse financial impacts, whether caused by a natural disaster, workplace injuries, a drop in revenues, or sudden cost increases. Risk prevention efforts take place in all departments, to prevent unexpected losses to city assets. For example: back-up tapes are maintained for computerized data: the City's safety & wellness program addresses safety issues for employees and property: and the City's municipal police maintain and improve citywide security systems. Efforts to prevent unexpected financial losses or cost increases include diversification of vendors and long-term contracts, diversification of revenue sources, and a conservative debt ratio.

Risk financing strategy, which is described in more detail later in this chapter, targets how the City prepares itself to fund the financial impact of an unknown future loss through reserves and commercial insurance.

## Achieve a More Rational Separation of State and Municipal Obligations

Local policy judgments, rather than state mandates, must drive financial decisions. The City's greater than average share of county corrections costs, and the cost of state mandated charter schools are two clear examples of vulnerability to state mandates that do not necessarily reflect local priorities or ability to pay. The City has fought for and received a reduced share of county correction costs in the past but a substantial inequity still remains. In FY99, the state recognized the cost impact of charter schools on hosting municipalities by partially reimbursing hosting communities for the cost of charter schools.

In recent years, the state itself has pursued a more rational separation of state and municipal obligations. The state recently withdrew from any obligation for future funding of cost-of-living adjustments for local government retirees. Meanwhile, it has continued to increase its support for local public education in which it bears responsibility for equalized and adequate public education.

These 5 items; strategic economic development, maximizing return on investment, a more diversified revenue base, protection against catastrophic costs, and rational separation of city and state obligations are prerequisites to the City's future financial health.

#### **RESPONSIBLE OFFICIALS AND AGENCIES**

The Mayor ultimately directs all of Boston's financial operations. The Mayor is the chief executive officer of the City and has general supervision of and control over the boards, commissions, officers, and departments of the City. The City's Chief Operating Officer directs administrative services and labor relations. City budget appropriations for all departments and operations of the City and Suffolk County, except the School Department, and the county courts are prepared by the Office of Budget Management, under the direction of the Chief Financial Officer.

The following six departments, which are included in the Chief Financial Officer's Cabinet, have major roles in the City's financial structure.

The Treasury Department collects revenues due to the City and Suffolk County, and pays all amounts due for payrolls and to outside vendors. The Chief Financial Officer serves as the City's Collector-Treasurer. The Treasury Department also manages the investment of City funds, and supervises borrowings by the City in the form of either short-term or long-term debt.

The Auditing Department maintains internal controls, manages grant funds, provides financial reports, maintains the financial records for the City and County, and approves all payments made by the City and County. The City Auditor is an exofficio member of the State-Boston Retirement Board.

The Assessing Department, managed by the Commissioner of Assessing, supervises the valuation, for tax levy purposes, of all real and personal property located in the City.

The Office of Budget Management, in addition to overseeing the operating budget, also prepares and monitors the City's capital plan and coordinates the long-range capital planning activities of City, County, and School departments.

The Purchasing Department procures all supplies, materials, and equipment for City and County departments.

The Retirement Board oversees the City's retirement system.

Three decision-making bodies also fill prominent roles in the City's budget process. The legislative body of the City is the City Council, which consists of 13 members serving two year terms. Four are elected at-large and nine are elected from geographic districts. The City Council may enact ordinances and adopt orders, which the Mayor may either approve or veto. Only the Mayor can originate appropriation orders. Except for orders borrowing or appropriating money and for local adoption of a state statute involving the expenditure of money, the City Council may override a mayoral veto by a two-thirds vote. The City Council may reject or reduce a budget or budget item submitted to it by the Mayor, but may not increase it.

The City's public schools are under the control of the School Committee, which is appointed by the Mayor. The mayoral appointed governance structure was reaffirmed in a 1996 referendum by a 70% to 30% margin. The School Department operating budget is submitted to the Mayor and the City Council and is subject to their approval as part of a budget process parallel to, but separate from, the City and County.

Until FY91, the School Department regularly incurred operating deficits. Chapter 613 of 1987 placed stricter controls on the School Department's appropriation process, in an attempt to limit the potential for overspending, and strengthened the powers of the Superintendent vis-a-vis the School Committee. The Department, however, continued to deficit-spend. As a result, the City needed to ensure that other City spending remained below available revenues in order to offset the School Department deficits. These annual School Department deficits continued through FY90, ending only with the creation of an appointed School Committee accountable to the Mayor.

The Boston Public Health Commission is governed by a seven-member board with six of the members appointed by the Mayor, subject to City Council confirmation. It is responsible for the implementation of public health programs in the City and provides financial support for various health services. The Boston Public Health Commission must submit a revenue and expenditure budget to the Mayor. If and when the Mayor accepts the budget (essentially the deficiency between the revenues and expenditures), then it is submitted with the rest of the City and County budget to City Council.

#### INTERNAL MANAGEMENT CONTROLS

The City has established a system of internal management controls. These controls are designed to maximize revenue collections, manage operating and capital spending, evaluate infrastructure needs, and formalize the City's internal procedures. Major components of the City's system of financial management controls are discussed in the following paragraphs.

#### **Capital Planning**

The Office of Budget Management's Capital Budgeting Program (CBP) is responsible for managing the capital budget of the City. It has overseen the significant increase in the level of infrastructure investment, resulting in the protection and preservation of the City's capital assets and the creation of jobs in the construction sector. CBP's mission is to evaluate the condition of the City's capital stock, forecast the timing and financial requirements of new construction and rehabilitation, and recommend allocation of current and future resources to meet the City's infrastructure and capital requirements. Resource availability and capital needs are assessed frequently and appropriate planning responses are taken. For example, there has been a greater need for construction and renovation of schools due to expanding enrollment, educational initiatives and accreditation needs, and this has been done with a focus on maximizing the reimbursement from the state's school building reimbursement program.

CBP evaluates and refines the relationship between the City's capital needs and resources as the City moves through each fiscal year. This process is documented by an annually updated five-year capital plan. Since FY99, the proposed capital plan has been integrated with the operating budget. The FY01-05 Capital Plan reflects the administration's commitment to comprehensive planning and investment by spotlighting projects ranging from future economic development projects to strategies for neighborhood revitalization.

In addition to its planning functions, CBP also plays an ongoing project oversight and supervisory role during the implementation phase of its capital projects. CBP reviews and approves all capital contracts and monitors project costs and schedules to ensure the adequacy of available funding sources.

#### **Program-Based Budgeting and Assessments**

Since FY88, the City of Boston has used a program-based budgeting system to track expenditures and service levels by major functions or programs. This budgeting system complies with the standards of the Government Finance Officers Association, which has consistently recognized the City's efforts with its Distinguished Budget Presentation Award.

The City has built on this base of budget and performance information to design a system of departmental accountability for service outcomes, making sure services are delivered at the level expected, with a focus on customer satisfaction and service efficiency. The Office of Budget Management (OBM) plays a central role in the collection and analysis of performance data, ensures proper documentation of results, and assists departments in pursuing opportunities for improvements. All financial commitments by departments are first reviewed by OBM for conformance with service priorities and funding availability.

#### **Debt Management**

The Treasury Department manages all City borrowings. The Treasury Department has focused on the timing of borrowings to take advantage of favorable market conditions and has carefully managed the City's cash flows to help eliminate the need for short-term borrowings. The Treasury Department has established a series of debt management guidelines. The guidelines set forth the City's management policies toward rapidity of debt repayment, debt affordability, the limitation on the level of variable rate debt the City will employ, target savings for refundings, and reporting to the financial community and the rating agencies.

The City uses a comprehensive, interactive debt capacity model to assist City debt management administrators in evaluating the potential impact of debt issues on cash flow, credit and statutory debt capacity. Two mainstays of the City's positive debt service position have been the relative stability of the annual debt cost and the rapid retirement of debt. The City's annual debt cost has remained under 7% of total general fund expenditures since FY88, and in any given year during that period at least 40 percent of principal outstanding has been scheduled to be retired in five years, and 70 percent in ten years.

Other factors have contributed to this favorable debt position in the recent past. First, the City took maximum advantage of low interest rates and issued three large refundings of the City's general obligation debt in February 1993, February 1994 and April 1998. Second, the City slowed down the rate of capital expenditures in response to reductions in local aid in FY90-92, without making the fundamental error of abandoning capital spending altogether and thereby allowing the infrastructure to deteriorate. Third, in spite of the early 1990s recession and two straight budgets with reduced revenue, the City maintained its improved bond rating and thus maintained the City's image in the capital markets. Fourth, the City has managed its cash flow such that short-term borrowings were not needed in each of the last twelve fiscal years. This has been possible mainly because of the switchover from semi-annual to quarterly billing for property tax and from semi-annual to quarterly distribution of state local aid. The overall success in the City's debt management contributed to bond rating upgrades in 1995 and 1996, and, most recently, in February 2000 the city was awarded ratings of Aa3, AA- and AA- from Moody's Investors Service, Standard and Poor's and Fitch IBCA, Inc., respectively. The City also utilizes lease-purchase financing of equipment with a two to seven year useful life. Annual lease-purchase financing has totaled \$7 to \$10 million for vehicles, computers, and lighter equipment. Lease-purchase financing will be \$13.8 million in FY01.

#### **Pension Management**

As required by law, the State-Boston Retirement System (SBRS), of which the City is the largest member, performs a full valuation at least once every three years. The system uses the valuation to determine the total system liability and the annual funding requirement. The SBRS hires an investment manager who oversees the various fund managers of the SBRS pension assets. Positive investment performance for the SBRS has allowed for a steady upward trend in the percentage of pension liability funded. In recent years, the SBRS has averaged a rate of return on investment of assets well in excess of its 8% assumption. Over the years, the City has worked with the SBRS to maintain a conservative and responsible pension funding schedule. This has included maintaining a conservative investment rate of return assumption, and shortening the funding schedule.

#### **Risk Financing**

Risk financing is the last step in the City's risk management process, which first works to prevent and minimize unexpected losses to City assets. Whether unexpected losses are due to natural disasters, workplace injuries or a sudden drop in revenue, their ultimate impact is financial. The City's risk financing strategy aims to increase departmental risk awareness and efforts toward risk prevention, protect individual departments from the impact of actual losses, and protect the City as a whole from a financial catastrophe that would adversely impact service delivery. Following is a description of certain types of losses and how they are funded.

#### **Budgeted Losses**

Many unexpected losses happen with such frequency in a large organization that the total cost is predictable enough to be budgeted. This is true for the City's typical costs for most illness and injuries, legal claims, and property losses.

The cost of preventing, managing and paying for employee injuries and illnesses is high, exceeding \$160 million in FY99 due to the large number of City employees. The Office of Human Resources (OHR) manages healthcare costs through competitive bidding, diversification and annual negotiations of benefits with five healthcare plans, and a self-insured indemnity plan. The average per employee cost increase for the past seven years has been contained at an average of 4% per year.

The Office of Human Resources and the Police and Fire Departments manage citywide employee injury costs, totaling over \$50 million per year. Individual departments pay for their own injury costs. The Fire Department, responsible for 40% of the City's injury costs, is currently tightening its injury management system through various efforts.

The City's low liability claims costs total between \$3 million and \$7 million annually. Managed by the City's Law Department, legal claims are limited by MGL Chapter 258, which caps the City's liability for most claims. Major City Departments are assessed for the cost of their own liability claims.

Unexpected losses to physical city property, due to various causes including fire, flood, or vandalism have been minimal, with the exception of the 1998 flood at the McKim Library, and are funded through the annual operating or capital budgets.

#### **Reserves and Commercial Insurance**

In preparation for a catastrophic event which could adversely impact citywide operations, the City has built reserves and strategically purchased commercial insurance. Protecting 350 City and Public Health Commission buildings worth a total of \$3.5 billion, the City maintains a catastrophic property insurance policy which will finance property losses up to at least \$400 million, after a \$10 million deductible. The policy will likely be used to help fund an estimated \$11 million in damages from a 1998 water main break at the McKim Library. To assist the City in funding the self-insured deductible for the property policy, and to cover other extraordinary self-insured types of risks, the City continues to build a Risk Retention Reserve. With the FY01 budget appropriation of \$1.0 million, the reserve will exceed \$3 million.

#### **Property Tax Collections**

The collection of property taxes has been improved by enhanced tracking systems and more thorough collection procedures and notifications. This has resulted in an increased rate of collection.

The City has implemented an aggressive enforcement program that continues to reduce the number of tax accounts that are delinquent, and to discourage new delinquencies. The City achieved a property tax collection rate of 97.4% of the FY99 gross levy as of June 30th, 1999. The City's enforcement program includes the adoption of stricter guidelines for handling delinquent taxes, utilizing a variety of collection remedies authorized by state statute and working closely with the Commonwealth to refine the tax collection system. For example, the City, following requisite approval from the Massachusetts Department of Revenue, was the first municipality in the Commonwealth to amend tax bills to include past due amounts. The City has implemented an automated tax information hot line that allows taxpayers to call from 7 a.m. to 10 p.m., seven days a week, for updated tax balances, duplicate tax bills or information on other tax related questions. In addition, during FY99, the City combined customer service for the valuation and collection aspects of property taxes that are traditionally administered separately by the City's Assessing and Treasury departments. These changes, coupled with letter writing campaigns to first-time delinquents, have resulted in a significant reduction in the number of past due accounts.

#### **Expenditure Controls**

above, the City operates under several statutory financial control systems. Certain controls established in the 1982 Funding Loan Act and its 1986 amendments set limits on flexibility in financial administration. Under the 1982 Funding Loan Act, for example, until April 15 of each year, the Mayor is authorized to reallocate no more than \$3 million. Several financial controls were enacted by state law and implemented during the 1980s. An expenditure allotment system prevents departmental overspending of personnel appropriations. Additional state law provisions are directed at the control of School Department spending. These controls, teamed with conservative and cautious estimates of annual revenue, have aided the City in avoiding operating budget deficits every year since FY85, and have aided the School Department in avoiding operating budget deficits every year since FY90.

In addition to the management systems described

#### **Reserve Fund**

As required by law since 1986, the City has been maintaining a reserve fund equal to 2 1/2% of the preceding year's appropriations for all City and County departments except the School Department. The fund may be applied to extraordinary and unforeseen expenditures after June 1 in any fiscal year with the approval of the Mayor and the City Council. To date, this budgetary reserve has not been utilized. As of June 30, 1999, the reserve fund had a balance of \$18.7 million. No additional funds are required for the FY01 budget in order to meet the FY01 statutory obligation.

#### **Accounting System**

Financial management is supported through the City's new PeopleSoft System. This computerized financial management and human resources system is designed to track standard accounting functions such as revenues, expenditures, accounts payable, accounts receivable and general ledger. In addition, the PeopleSoft system performs the specialized functions of encumbrance control, fund accounting and grants management, as well as other accounting and budgeting functions. The utilization of this system has improved the financial monitoring and the reporting of funds management. On-line access to financial information allows department managers to evaluate directly the financial

performance of their departments and specific programs within their departments.

The Auditing Department has developed a fiscal year closing process that limits and controls departmental appropriation reserves through encumbrances and closely monitors the amount of prior year reserves carried forward, which maximizes the City's undesignated fund balance. In addition, the process allows for the year-end closing and accompanying financial statements to be completed in an efficient and timely manner. The Auditing Department monitors payment lag times and citywide vendor payments. Both the tracking and scheduling of vendor payments ensures timely payments to vendors and enhances cash management. Payments to major utilities such as Boston Gas and Boston Edison are monitored by a system that addresses disputes efficiently, thereby ensuring application of credits and the elimination of late charges.

#### **Management Letters**

Each year, following the completion of the financial statements, the City's independent auditors deliver a management letter containing comments and recommendations on internal financial controls. The current management letter indicated no material weaknesses in the City's management. Specific management improvements have been recommended in the management letters, and many of the controls that the City has implemented originated from the auditors' recommendations. The auditors have commented favorably in successive management letters on the City's progress in addressing the auditors' suggestions. Through its own efforts and, when required, through appropriate legislation, the City intends to continue to modify and improve its internal financial controls with the advice of its auditors.

#### **Contracting Procedures**

The Uniform Procurement Act, Massachusetts
General Laws Chapter 30B, enacted by the Commonwealth in 1990 (the UPA), creates uniform procedures for the contracting of services and supplies by all municipalities in the Commonwealth. The Auditing Department, working with the City's Law Department, has developed and implemented internal processes to conform City contracting procedures to the requirements of the UPA and other statutes specifying required contract procedures.

#### **Auditing and Budgeting Practices**

The City prepares its comprehensive financial reports in accordance with generally accepted accounting principles (GAAP). However, accounting practices established by the Commonwealth's Department of Revenue, the so-called budgetary basis method of accounting, are used in the annual budget and property tax certification process. Budgetary basis departs from GAAP in the following ways:

- (a) Real estate and personal property taxes are recorded as revenue when levied (budgetary), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budgetary), as opposed to a reservation of fund balance (GAAP).
- (c) Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the general fund (budgetary).
- (d) Amounts raised for the prior years' deficits and available funds from prior years' surpluses are recorded as revenue items (budgetary), but have no effect on GAAP revenues.

In addition, there are certain differences in classifications between revenues, expenditures and transfers. The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 1999.

# Adjustments Between Budgetary Basis and GAAP Basis of Accounting for FY99

(in thousands)	Revenue	Expenditures	Other Financing Sources (Uses), Net	Excess (Deficiency) of Revenue and Other Financing Sources
As reported on a budgetary basis	1,549,425	1,541,680		7,745
Adjustments:				
Revenues to modified accrual basis	17,305			17,305
Expenditures, encumbrances and accruals, net		(8,765)		8,765
Reclassifications:				
Parking meter revenue and expenditures to a special revenue fund	(1,500)	(1,500)		
Debt service expenditures	431	19,758	19,327	
State-funded teachers' retirement costs	(37,283)	(37,283)		
Trust fund revenue	(1,589)		1,589	
Public Health Commission appropriation		(54,340)	(54,340)	
As reported on a GAAP basis	1,526,789	1,459,550	(33,424)	33,815

**Capital Planning** 

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# Capital Planning

#### **Overview of Capital Planning**

Boston's Five Year \$1.4 billion Capital Plan is an investment program for the City's future. The underlying framework for the plan emphasizes (1) the strategic use of infrastructure to promote economic development, neighborhood revitalization, quality education, health care, and public safety, (2) comprehensive planning to lay the foundation for future growth, and (3) effective government management to provide leadership and vision.

The Office of Budget Management (OBM) is responsible for managing the capital budget of the City. OBM coordinates the evaluation of capital requests, forecasts the timing and financial requirements of new construction and rehabilitation, monitors capital project expenditures, and recommends the allocation of current and future resources to meet the City's infrastructure and facility needs.

#### **Capital Planning Process**

Resource availability and capital needs are assessed annually through a capital planning process that results in a five-year capital plan and the formulation of a fiscal year capital budget. To emphasize the balance between need and resource availability, the budget document (in Volumes II and III) includes both capital authorizations and expenditure projections for each project.

#### **Steps in the Process**

The process begins with an open capital improvement project request period where all departments have an opportunity to identify their facility, infrastructure and planning needs in a systematic manner and to forward their proposals to OBM for funding consideration. The development of department project requests may involve both internal assessments of current need as well as a review of external constituent requests.

The departmental requests must be comprehensive and meet threshold criteria established each year. Project requests include cost estimates, descriptions of the proposed scope of work, project justifications related to the primary criteria (outlined below), and useful life statements.

The total cost of a proposed project must also consider its long-term effect on the City's operating budget. Accordingly, project requests also include information describing the proposed projects anticipated effect on personnel, utilities, maintenance and supply costs as well as expected changes in service demand or delivery of departmental programs. As a practical matter, it is assumed that certain types of projects such as energy conservation/efficiency (i.e. heating system upgrades, roof and window replacements) provide operating savings, although the exact dollars are not quantified.

Finally, federal tax law regulations included in the 1986 Federal Tax Reform Act require a review of the submissions to determine the extent to which private purposes or benefits exist for each project. This review is necessary for Boston to maintain its tax-exempt financing status.

All capital improvement projects requesting funding consideration this year had to meet at least one of the following threshold criteria:

- Complies with the Americans with Disabilities Act (ADA)
- Improves health and safety
- Supports economic development
- Enhances general government effectiveness
- Mitigates an environmental hazard
- Responds to a legal, legislative or administrative mandate
- Preserves existing municipal facilities

New capital requests that are recommended for funding are placed into a multi-year spending plan along with projects authorized in prior years. The first year of the spending plan is considered the City's capital budget and expenditures against this plan are closely monitored.

The capital plan is submitted by the Mayor to the City Council each year. The Council, in turn, holds public hearings and approves authorizations for new projects and for existing projects requiring additional authorization. This year's capital plan identifies 591 new and continuing projects and proposes \$163.9 million in new project authorization. (See Highlights)

#### Financing the FY01-FY05 Capital Plan

Financing for the capital plan is derived from the following sources:

#### General Obligation (G.O.) Bonds

General obligation bonds represent 70% of all project funding. This year's plan assumes \$520 million of new general obligation borrowings over the next five years (FY01 - \$120 million, FY02-05 - \$100 million per year) to support ongoing capital needs. In addition, the City expects to issue approximately \$115.6 million in FY04 to retire bond anticipation notes that will finance the construction of two new middle schools and a new K-8 school. The proposed G.O. financing plan does not include debt issuance to support the Boston Convention and Exhibition Center (BCEC) project.

#### Bond Anticipation Notes (BANs)

The financing plan for the three schools (Orchard Gardens K-8 and Brunswick Gardens middle school are in Roxbury while the new Mildred Avenue middle school is located in Mattapan) is designed to take advantage of the reimbursement of funds from the State under the School Building Assistance Program ("SBA"). Under SBA, the City expects to receive approval for 90% reimbursement on approved project costs for the three schools. To best match the projected cash flow from SBA, the financing for these schools will be structured as bond anticipation notes for the construction period with permanent financing structured to mirror the reimbursement payments from the State.

The City's share of the Boston Convention and Exhibition Center (BCEC) project which totals \$157.8 million was financed by bond anticipation notes issued in May 1999 and February 2000. The City expects to retire all outstanding notes with the proceeds of Convention Center Bonds to be issued during FY02 or FY03. At the City's option, the Convention Center Bonds can be issued either as general obligation or as special obligation bonds. (See Major Capital Projects - Boston Convention and Exhibition Center)

#### State and Federal Funds

State and federal funds, as sources of capital financing, are currently estimated at \$203 million from state and \$164 million from federal programs. Specific financing programs provide key resources for Boston's Capital Plan. Examples of these programs include:

School Building Assistance Program: This State
Department of Education program is an important

#### Highlights of the FY01-05 Capital Plan

#### **Education**

- Technology Upgrades At Various Schools
- Orchard Gardens K-8
- Brunswick Gardens and Mildred Avenue New Middle Schools
- New Roofs at 5 Schools and Masonry Repairs at 20 Schools

#### **Public Safety**

- New South End Police
- New Centralized Evidence Storage Facility
- New Fire Equipment
- Fire Station Repairs

#### **Basic Services**

- Pave the Way
- New Play Equipment and Ballfield Renovations
- 2.000 new street trees
- McKim Library Restoration Phase IIB
- Gardner Street Landfill Phase I Construction
- Dartmouth Street Plaza

#### **Human Services**

- Community Centers Administrative offices relocate to Mission Hill.
- Strand Theatre Improvements
- Blackstone Community Center Renovations
- Vine Street Community Center Renovations
- Paris Street Pool Update

#### Chief Operating Office/Chief Financial Office

- Boston Administrative Information Systems Project (BAISP)
- MIS Computer Upgrades
- City Fiber Optic Network

#### **Economic Development**

- New Boston Convention Center
- Boston Harbor Walk Improvements
- City Hall Plaza Upgrades

#### **Public Health Commission**

- New Fire Alarm System
- Homeless Shelter Renovations
- South Block Fire Safety Upgrades

#### **Environmental Services**

- Open Space Acquisition Fund
- Traffic Signal Upgrades
- Traffic Calming Improvements

School Building Assistance Program: This State Department of Education program is an important revenue source for school renovation and construction. Under the current program, the City is reimbursed for 90% of the cost of eligible construction projects. The reimbursement period generally corresponds to the term of outstanding debt for each school project. Reimbursement payments are made to the City's General Fund and are included as part of the annual State Aid package. In FY01 reimbursement payments are forecast at \$19.8 million. Reimbursement payments due between FY02-FY05 are forecast at \$82.2 million. The State is currently considering significant changes to the program. Any changes to the program are not expected to impact projects that held building needs conferences prior to January 1, 2000. A conference was held in December 1999 for the proposed three new schools.

Chapter 90 Funds: Administered by the Massachusetts Highway Department, Chapter 90 funds are allocated by formula through State bond authorizations and through the State budget to all cities and towns in the Commonwealth. Based on current allocations, \$7.26 million in Chapter 90 funds are anticipated annually.

Transportation Improvement Program: A statewide program using State dollars and federal dollars distributed through the federal government's \$167 billion Transportation Equity Act for the 21st Century (TEA-21). The Transportation Improvement Program (TIP) includes locally owned road and bridge construction projects. The capital plan carries 41 projects that can be funded through the TIP.

#### Trust Funds

The City's Trust Office manages trust funds and bequests from private citizens that are dedicated to Boston's public spaces. While these trust funds represent a small percentage, less than 1% of the overall revenue to the capital plan, they play an important role. Grants from the Edward Ingersoll Browne Trust Fund have been used for the restoration of neighborhood parks, school yards and public spaces. The George Robert White Fund is used to support facilities owned by the Fund.

#### **Expenditures**

Capital expenditures from all funding sources totaled \$173.1 million in FY98. The key drivers for expenditures were the new police headquarters, high school accreditation and school technology. In addition, the School Department purchased 259 buses at a cost of approximately \$8.6 million. The Public Works Department (PWD) increased its spending on road and sidewalk improvements as

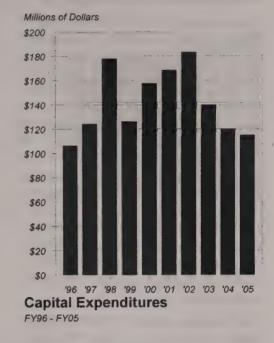


Figure 1

well as bridge improvements. The PWD utilized Chapter 90 roadway funds at a faster rate than ever before. (Figure 1)

In FY99 capital expenditures from all funding sources totaled \$126.2 million excluding expenditures from a Bond Anticipation Note supporting the new Boston Convention and Exhibition Center (BCEC). The continuing emphasis on school technology, school renovations and new school construction increased the School Departments share of capital expenditures in FY99 to 39% of all capital expenditures. The next largest capital expenditure was for the Boston Administrative Information Systems Project (BAISP) the City's new financial and human resources information system. Core financial functions including the general ledger, accounts payable and purchasing functions became operational July 1, 1999 and human resource functions were substantially implemented by January 2000. The Public Works Department, supported by Chapter 90 funds, ranked third in project spending as it continued to resurface roads, repair sidewalks and install new street lighting systems.

Excluding the Convention Center, capital expenditures from all funding sources are forecast at \$157.5 million in FY00. The continuing emphasis

tion, construction began on a new library in Allston and a new police station in the South End. Finally, the Parks and Recreation Department continued its ongoing program of renovating parks, replacing play equipment and planting street trees.

Capital expenditures from all funding sources are forecast at \$168 million in FY01. The investment in school technology will continue, construction will begin on two new middle schools and one new K-8 school and an ongoing renovation and repair program will maintain the School Department's share of capital spending in FY01 in excess of 40% of total capital expenditures from all sources. The Public Works Department will roll-out "Pave the Way" a program designed to resurface 91 miles of roads and reconstruct 40 miles of sidewalks over the next eighteen months. In addition, several community centers and pools will be renovated, construction will be completed on a new library in Allston and a new police station in the South End. In addition, a completely renovated community center in Roxbury will open.

The City continues to aggressively pursue grant funds, maximize the use of Chapter 90 funds for road and sidewalk projects, and actively manage its projects to ensure that spending stays in line with projections and that priority projects move forward. Together, these strategies will enable the City to maintain a reasonable level of capital spending and borrowing and also prudently manage its outstanding debt.

#### **Operating Budget Impacts**

The construction of new facilities or the major renovation/change in use of existing facilities are the primary sources of increased operating costs for the City due to capital investment. In FY00, the City purchased the Mission High School building. The City previously occupied the facility under a lease agreement for several years prior to its purchase. The School Department plans to upgrade the heating system through a capital project next year. Several new or completely rehabilitated buildings will be in operation by the first quarter of FY02. Boston Community Centers will have two rehabilitated buildings in service for FY01 and a new library and a new police station will be in service by the first quarter of FY02.

#### Debt Management Policies and Debt Implications of the Plan

Effective debt management will ensure that the City can meet its capital infrastructure and facility needs. Debt management requires a series of decisions about the amount, timing, purposes and structure of debt issuance. The long-term debt related to capital investment has two main purposes:

- (1) it finances acquisition, construction, repair and renovation of City-owned buildings, equipment and other City facilities that are necessary to provide public services; and
- (2) it finances infrastructure improvements needed for the City's continued growth and maintains safe roadway conditions.

The Treasury Department manages all City borrowings. It has focused in particular on the timing of borrowings, paying special attention to favorable market conditions. The City adopted a set of debt management policies that were implemented by the Treasury Department. These policies address issues such as debt affordability and limitations on the level of variable rate debt the City will use. The goal is to rapidly repay debt, maintain a conservative level of outstanding debt and ensure the City's continued positive financial standing with the bond market.

Key components of the debt management policies ensure that:

- combined net direct debt does not exceed 3% of taxable assessed value:
- at least 40% of the overall debt is repaid within five years and 70% within ten years;
- annual gross debt service costs does not exceed 7% of general fund expenditures;
- the variable rate debt does not exceed 20% of the City's total currently outstanding bonded debt.

Refer to the chapter on Financial Management for further discussion of the City's financial policies and management controls.

The City's debt service forecast assumes a borrowing of \$120 million in FY01, and \$100 million per year for FY02-05. In addition, the City will issue a BAN in FY01 to finance the construction of three new schools. The notes will be retired with a general obligation bond offering most likely in FY04 or FY05. The timing of the note issuance and retiring the notes will be structured to maximize the benefits of State's School Building Assistance program. The debt tables at the end of this chapter detail the City's outstanding debt service obligations

and demonstrate the City's rapid retirement of its debt.

The City's debt service requirements in FY01 is within the City's operating guideline of holding gross debt service to 7% of total operating budget expenses (Figure 2). The City's debt service requirements for FY02-05 will exceed the established operating guidelines with debt service peaking as a percent of operating expenses in FY05. The increase is attributable to the increased commitment to funding new school construction, renovation and the implementation of a technology program. In addition, life safety and general renovations are needed by other city facilities. (Figure 2.) The ratio of debt service to the City's primary revenue source, the property tax levy, declined significantly in the early 1990s. This ratio is projected to in-

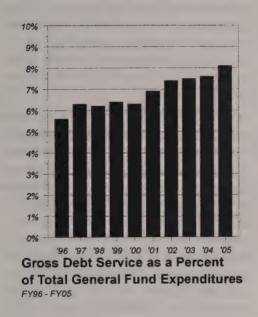


Figure 2

crease over the next five years. (Figure 3.)

The City's current overall debt burden (net direct debt to assessed property value of \$39.93 billion) is 1.45% as of January 1, 2000. The City's net direct debt per capita currently stands at \$1,035.38 as of January 1, 2000. While debt issuance and debt outstanding have increased over the last decade, it has been a modest increase.

Boston has been conservative about assuming long-term debt and aggressive about retiring debt expeditiously. As of June 30, 1999, the City's debt retirement schedule shows that 44% of its principal

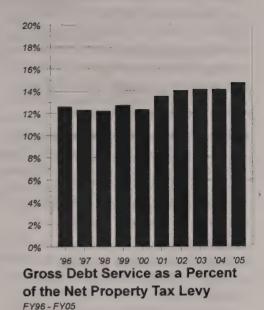


Figure 3

will be retired five years out, before the end of fiscal year 2004. (Figure 4). This overall approach to debt issuance has significantly shaped the City's capital investment strategy. Upgrades to the City's bond rating have also recognized the successful capital investment strategy. In February 2000, Moody's Investors Service, Standard and Poors and Fitch IBCA, Inc. awarded the City with bond ratings of Aa3, AA- and AA-, respectively.

Boston has had ten general obligation bond sales over the past decade and four general obligation refunding issues. The smallest bond sale was \$15 million in April 1998; the largest was \$120 million in February 2000, which achieved significant interest rate savings.

#### **Major Capital Projects**

Table 1 lists the major projects being undertaken by the Capital Plan. Descriptions on all 591 projects can be found in Volumes II and III of the Adopted Budget. The project descriptions include authorizations and funding sources, projected expenditures and scope information.

#### **Boston Convention and Exhibition Center**

The Convention Center Act authorizes the development of the Boston Convention and Exhibition Center (BCEC) Project on a 60-acre site in South Boston through the joint efforts of the City, the

Commonwealth, the Boston Redevelopment Authority (BRA) and the Massachusetts Convention Center Authority (MCCA). The 1.7 million square-foot facility will include approximately 600,000 square feet of contiguous exhibition space, as well as ballrooms, meeting rooms, banquet and lecture halls, and indoor parking. The BRA is authorized and directed by the Convention Center Act to acquire the site for the BCEC Project and to carry out all required site preparation, including demolition and environmental remediation. The completed site will be conveyed to the MCCA for nominal consideration. The MCCA is responsible for the design and construction of the BCEC Project, and its operation upon completion.

Under the Convention Center Act, all costs of site acquisition and preparation incurred by the BRA for the BCEC Project will be borne by the City up to an initial ceiling of \$157.8 million. All such costs in excess of \$157.8 million and up to \$205 million will be borne by the Commonwealth. If the costs of site acquisition and preparation exceed \$205 million, the Convention Center Act provides that the City and the Commonwealth will share the excess equally up to a maximum of \$50 million (i.e., an additional \$25 million each). The Convention Center Act authorizes the City to issue up to \$182.8 million of bonds (and notes in anticipation thereof) to finance the BRAs initial site acquisition and preparation costs up to \$157.8 million, plus an additional \$25 million, if necessary, to finance the City's share of those site acquisition and preparation costs that exceed \$205 million. All costs of design and construction of the BCEC Project will be funded by the Commonwealth through the issuance of up to \$537.2 million of special obligation bonds of the state authorized by the Convention Center

In accordance with the requirements of the Convention Center Act, on March 11, 1998, the City Council and the Mayor approved the Loan Order authorizing the issuance of up to \$157.8 million in Convention Center Bonds, and notes in anticipation thereof, to fund costs of site acquisition and preparation. The costs for site acquisition and preparation have exceeded \$157.8 million. In the unlikely event that costs exceed \$205 million, the current earmarked revenues would provide sufficient coverage for the modest increase to the City's BCEC debt service. The City initially funded its BCEC Project costs through issuance in May 1999 of its \$130 million in bond anticipation notes. In February 2000, the City issued another \$27.8 million in

bond anticipation notes for the remainder of its portion of the expected BCEC Project costs. The City plans to retire the bond anticipation notes with bonds to be issued during fiscal 2002 or fiscal 2003.

Convention Center Bonds issued by the City to retire the bond anticipation notes or fund additional BCEC Project site expenditures may be issued as general obligations of the City or may be issued as special obligation bonds secured by a pledge of all or a portion of the City's receipts from (i) the City's receipts from the 4% local option excise tax on the transfer of rooms in any hotel, motel or other lodging establishment in the City, (ii) the City's \$1 share of the Commonwealths receipts from a \$10 surcharge imposed on each vehicular rental transaction in the City, and (iii) all proceeds from the issuance and sale of the first 260 taxi medallion licenses issued by the Commissioner of Police after enactment of the Convention Center Act. Only the City's hotel excise revenue from new hotel rooms is expected to be necessary to support the debt service. The last two supporting revenues were established as new City revenue sources in the Convention Center Act.

The BRA provided direction, expertise and services with respect to the drafting and approval process for the environmental impact report for the project and a marketability study required by the Convention Center Act. Both the environmental impact report and the marketability study were completed and accepted in 1998. Site acquisition was completed early in 2000. Over half of the expenditures incurred in securing the site represent final settlements with owners. The remaining acquisition expenditures are pro tanto payments to owners who can either settle with the BRA or litigate their claims. The BRA procured a property manager for the site and has relocated a large majority of the tenants. The BRA is currently engaged in site preparation that includes demolition and environmental remediation.

Work by the MCCA has commenced on the design and construction of the BCEC Project. The MCCA has engaged an owner's representative, a designer, a construction manager, and has begun qualifying subcontractors. Groundbreaking for construction of the BCEC Project is scheduled for the spring of 2000. The BCEC Project is currently expected to be completed and open for operation in the fall of 2003.

#### **RATE of PRINCIPAL RETIREMENT:**

(as of June 30, 1999) Fiscal Years Ending June 30, 2000 - 2019

Fiscal Year Ended June 30,	Amount	Percentage of Total Principal Amount Retired:	
2000 - 2004	313,330,000.00	44.07	%
2005 - 2009	206,290,000.00	29.01	%
2010 - 2014	138,660,000.00	19.50	%
2015 - 2019	52,740,000.00	7.42	%
	711,020,000.00	100.00	%

Figure 4

#### Major Capital Projects FY2001 - 2005 Plan

Project	Description	Plan Budget
Convention Center	Enhance Boston's tourism, trade and visitors industries through the acquisition of land and site preparation for a new convention center containing approximately 600,000 square feet of contiguous exhibition space. Also includes pre-development costs.	157,800,000
Mildred Avenue New Middle School	Design, construct and furnish a new middle school. The new facility will also include a new community center.	45,733,000
Muddy River Stormwater Controls & Dredge	Dredge and construct stormwater controls on the Muddy River. State construction funding anticipated.	45,000,000
Financial Management Information System	Provide planning and analysis as well as the purchase of new Financial, Human Resource, and Payroll applications to provide state-of-art solutions to improve City information access capabilities. The new computer applications are Year 2000 compliant.	44,250,000
Boston Latin School .	Upgrade electrical system, expand data wiring and technology to all classrooms, expand the library/media center, and update science labs. Construct an addition containing a kitchen, a cafeteria, and music and art rooms.	35,740,000
Brunswick Gardens New Middle School	Design, construct and furnish a new middle school.	35,220,000
Orchard Gardens K-8	Design, construct and fumish a new K-8 school.	32,725,000
Technology Upgrades FY98-01	Upgrades for technology, including upgraded electrical service and distribution; installation of data wiring.	31,910,719
Hyde Park High School	Construct library/media center, science labs, cafeteria and kitchen; upgrade technology, HVAC; replace windows, various other upgrades; and an addition containing a new gym.	28,300,000
East Boston High School	Construct library media center, science labs, cafeteria and kitchen, and an addition containing a new gym; upgrade electrical service and technology: renovate ground floor classrooms; various other upgrades.	25,802,800
Gardner Street Landfill Phase I And II	Prepare closure plan for former landfill. Develop a reuse plan balancing environmental preservation with open space and recreation needs of community. Implement plans to phase in active and passive recreational uses. DEP financing expected.	19,700,000
Computer Technology FY98-FY02	Purchase classroom and administrative workstations, file servers, video monitors and projection systems, workstation furniture; and instructional, administrative and communications software.	19,250,000
Pave The Way 2000	Roadway resurfacing and sidewalk repair program that will begin during the Summer 1999 resurfacing and repairing neighborhood streets and sidewalks throughout the City.	15,000,000
Huntington Avenue	Design reconstruction of roadway. State construction funding anticipated.	12,900,000
Hyde Park Avenue	Develop design and engineering plans to reconstruct the roadway, sidewalks and lighting. Improvements to include landscaping. State construction funds anticipated.	10,040,000
New Area D-4 Station	Design, acquisition and construction funds for a new neighborhood police station that will replace an existing facility.	8,084,000
Allston Branch Library	Programming, siting study, design and, construction of a new neighborhood branch library.	6,500,000
Vine Street Community Center	Renovate entire building including major interior and exterior improvements. The project also includes providing access for persons with disabilities.	6,086,400

Table 1

Capital Plannin

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Capital Project Financing - Fiscal Years 2001 - 2005

	Existing Authorization FY01 Authorization	Authorization	FY02-05 Authorization	State	Federal	Trust	Other	Total
Auditing Department	\$26,450,000	\$8,800,000	\$0	\$0	\$0	\$0	\$9,000,000	\$44,250,000
Roston Redevelopment Authority	176,132,300	000'009	0	4,022,000	0	35,000	20,000	180,839,300
Community Centers	33,579,775	1,073,000	15,847,550	0	0	0	0	50,500,325
Environment Department	1,640,000	0	200,000	0	0	0	0	2,140,000
Fire Department	20,369,700	5,748,200	2,800,000	0	0	0	0	28,917,900
Graphic Arts Department	737,600	0	0	0	0	0	0	737,600
Inspectional Services Department	11,733,500	0	0	0	0	0	0	11,733,500
Library Department	44,091,904	4,142,550	0	4,105,000	0	0	4,600,200	56,939,654
Management Information Services	9,688,300	200,000	0	0	0	0	0	10,188,300
Neighborhood Development	18,615,800	1,750,000	2,500,000	16,000,000	0	0	0	38,865,800
Parks and Recreation Department	45,594,350	7,389,800	9,227,600	2,799,058	46,225,500	73,950	000'009	111,910,258
Police Department	24,879,925	1,800,000	6,725,000	0	0	0	0	33,404,925
Property Management Department	22,981,390	2,960,000	000'688	0	0	0	0	26,830,390
Public Health Commission	44,204,600	3,829,000	0	0	0	0	1,495,536	49,529,136
Public Works Department	80,589,792	9,059,000	22,387,500	169,067,398	115,774,000	200,000	39,000,000	436,077,690
School Department	212,192,819	115,070,619	19,796,400	0	0	625,000	1,500,000	349,184,838
Transportation Department	7,459,003	1,175,000	0	6,920,997	2,400,000	0	1,578,000	19,533,000
Total	780,940,758	163,897,169	80,673,050	202,914,453	164,399,500	933,950	57,823,736	1,451,582,616

# DEBT SERVICE PAYMENTS CITY of BOSTON

. Stated in Five Year Intervals -

(\$ in thousands)

6	Interest	48 170	6.284	26.440	29.240	26.345	25,089	16,693	21,556	16,740	23.056	1,475	5.034	27	403	61	252	202	0 0	246.880	957,900								
6/30/99	Principal	120 000	14 045	61,825	82,405	75,600	60,400	48,300	68,980	41,555	84,835	11,745	25,565	890	5.750	1 695	6 955	180	295	711.020									
oh E:24	Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	· C	) C	0	0	0								100%
E'20 through E'24	Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C	0 0	0	0									100%
oh F:19	Interest	2.520	279	161	1,173	563	352	0	0	0	0	0	0	0	0	0	0	0	0	5,047	57,787						100%	% of Total Princinal and	Interest Retired in 25 Years:
E'45 through E'49	Principal	23,225	2,125	3,065	10,425	7,500	6,400	0	0	0	0	0	0	0	0	0	0	0	0	52,740							100%	% of Tota	Interest Retir
oh F:14	Interest	7,898	1,033	4,485	4,361	3,528	3,896	1,264	822	2,243	0	0	0	0	0	0	0	0	0	29,530	168,190				7080	200	% of Total Principal and Interest Retired in 20 Years:		
F'10 through F'14	Principal	24,800	3,090	24,605	15,305	13,700	16,000	10,890	12,645	17,625	0	0	0	0	0	0	0	0	0	138,660					7/020		% of Tota Interest Retire		
oh F'09	Interest	14,830	1,952	8,757	8,584	7,675	8,129	5,103	6,962	5,939	4,900	0	131	0	0	0	0	0	0	72,963	279,253			86%	Mof Total Principal and				
F'05 through F'09	Principal	33,425	4,130	13,800	21,665	22,000	16,900	15,345	31,190	13,450	30,405	0	3,980	0	0	0	0	0	0	206,290				73%	Interest Refir				
oh F'04	Interest	22,921	3,021	13,037	15,123	14,580	12,712	10,325	13,771	8,558	18,157	1,475	4,902	27	403	61	252	9	O	139,341	452,671		26%	% of Total Principal and Interest Retired in 10 Years:					
F'00 through F'04	Principal	38,550	4,700	20,355	35,010	32,400	21,100	22,065	25,145	10,480	54,430	11,745	21,585	890	5,750	1,695	6,955	180	295	313,330			44%	% of Tota					
AMOUNT	ISSUED	120,000	15,000	62,855	000'06	000'06	75,000	70,000	85,900	20,000	92,305	70,715	80,000	16,155	000'06	39,110	58,525	24,000	15,000			% of Total Principal and	Interest Retired in 5 Years:						
•	DATE of ISSUE	October 15, 1998	April 15, 1998	April 15, 1998	January 15, 1998	November 15, 1996	October 15, 1995	September 1, 1994	<del>-</del>	September 1, 1993	February 1, 1993	February 15, 1992	May 15, 1991	May 15, 1991	January 1, 1990	July 7, 1988	August 15, 1986	December 1, 1969	August 1, 1969	Totals:		% of Tota	Interest Ret						

### **OUTSTANDING DEBT as of JUNE 30, 1999**

		Percent of
	Outstanding @ 6/30/99	Total Outstanding Debt
General Purpose:		
Acquisition of Land, Parks and Recreation/		
Outdoor Facilities/Cemeteries/LandFill Areas	46,482,663.00	6.54
Departmental Equipment	24,840,255.00	3.49
Computer Hardware	17,486,506.00	2.46
Computer Software	387,474.00	0.05
Remodeling & Extraordinary Repairs	206,432,424.00	29.03
Engineering and Architectural Services	1,293,886.00	0.18
	296,923,208.00	41.76 %
Urban Development:		
Economic Development and Industrial Corporation	9,258,832.00	1.30
Urban Redevelopment and Renewal	34,629,210.00	4.87
	43,888,042.00	6.17 %
Parking Facilities:		
Parking Facilities/General	707,900.00	0.10
	707,900.00	0.10 %
Schools:		
Capital Improvements, Act of 1966	275,000.00	0.04
Capital Improvements, Act of 1973	3,650,855.00	0.51
Capital Improvements, Act of 1991	23,817,472.00	3.35
Capital Improvements, Act of 1996	26,634,241.00	3.75
School Project Loan, Act of 1948	53,709,878.00	7.55
	108,087,446.00	15.20 %
Public Buildings:		
New City Hall	0.00	0.00
Construction of Buildings	70,568,322.00	9.92
Capital Improvements, Act of 1966	479,717.00	0.07
Capital Improvements, Act of 1973	39,162,850.00	5.51
Capital Improvements, Act of 1991	39,643,339.00	5.58
Capital Improvements, Act of 1996	15,208,848.00	2.14
	165,063,076.00	23.21 %
Public Works:		
Construction of Bridges	18,691,140.00	2.63
Construction of Public Ways	50,916,992.00	7.16
Construction of Sidewalks	12,154,162.00	1.71
Traffic Signals, Public Lighting, Fire Alarms	14,538,034.00	2.04
Sewerage Works	50,000.00	0.01
	96,350,328.00	13.55 %
GRAND TOTAL =	711,020,000.00	100.00 %

		CAPITAL FUND	DEBT SERVICE	CAPITAL FUND DEBT SERVICE REQUIREMENTS - FISCAL YEARS 1999 to 2005	S - FISCAL YEA	RS 1999 to 2008	
	Actual 6/30/99	Projected 6/30/00	Projected 6/30/01	Projected 6/30/02	Projected 6/30/03	Projected 6/30/04	Projected 6/30/05
Gross Debt Service Requirements - Bonded Debt:							
Principal Interest	\$63,500,000	\$67,140,000	\$75,064,745 41,591,950	\$82,710,374 45,239,616	\$88,129,955 47,744,765	\$92,444,703 49,845,968	\$98,579,512
(1) Total	\$98,708,722	\$101,397,511	\$116,656,695	\$127,949,990	\$135,874,720	\$142,290,671	\$156,314,865
Less Revenue Deemed Available from Related Sources:							
(2) Parking Rentals	838,107	825,000	800,000	800,000	800,000	800,000	800,000
(3) School Construction Assistance	13,329,890	17,074,340	19,823,973	18,808,187	18,808,187	18,199,446	25,110,811
(4) Boston Medical Center	3,655,181	3,453,102	3,006,223	2,760,179	2,669,165	2,240,844	1,766,791
(4) Boston Public Health Commission	2,240,039	1,958,811	2,107,067	2,053,206	1,929,177	1,769,448	1,156,990
Water and Sewer Payments	55,175	51,725	0	0	0	0	0
(5) Room Occupancy Excise Fund	0	5,564,875	6,659,500	4,059,500	0	0	0
Sinking Fund	0	0	0	0	0	0	0
(6) Cemetery Funds	35,213	35,189	35,147	35,118	35,054	48,059	48,006
(7) Gardner Street Landfill Subsidy	0	126,032	625,412	611,139	596,577	581,779	566 722
Accrued Interest	628,612	89,192	393,256	100,000	100,000	100.000	100.000
Premium	91,536	1,441,742	276,131	100,000	100.000	100,000	100,000
Net Debt Service Requirements	\$77,834,968	\$70,777,503	\$82,929,985	\$98,622,661	\$110,836,561	\$118,451,095	\$126,665,545
lus Interest on Temporary Loan Notes and Other Items:							
(8) Revenue Anticipation	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
(7) Gardner Street Landfill	oppings 0	219 053	1 203 738	1 195 010	1 181 280	1 167 329	1 153 135
(10) School B.A.N.'s	0	0	0	5,481,207	5,481,207	5,481,207	0
(5) Convention Center B.A.N.'s	0	5,564,875	6,659,500	4,059,500	0	0	0
Total Net Debt Service Requirements:	\$81,334,968	\$80,061,431	\$94,293,223	\$112,858,378	\$120,999,048	\$128,599,632	\$131,318,680

# NOTES

Assumes debt issuance as follows...

FY00 - On February 1, 2000, the City issued \$120 million in General Obligation Bonds with a 20 year maturity and an average interest rate of 5.48%.

FY01 - Assumes General Obligation debt issuance of \$120 million, with a 20 year maturity and an average interest rate of 7.0%

FY02-FY05 - Assumes General Obligation debt issuance each year of \$100 million, with a 20 year maturity and average interest rates of 7.0%.

FY04 - Assumes General Obligation debt issuance for school purposes of \$115.6 million, with a 17 year maturity and an average interest rate of 5.4%.

Projections per the Office of Budget Management. **@** 

Projections per the Capital Budgeting Program/Office of Budget Management.

Proposed General Obligation debt issued in FY04 totalling \$115.6 million will be structured to match reimbursement from the State for construction costs

Projections per the Auditing Department.

FY99 - On May 1, 1999, the City issued \$130 million in Bond Anticipation Notes at an interest rate of 4 0% which will mature on May 1, 2002. (5) (<del>4</del>)

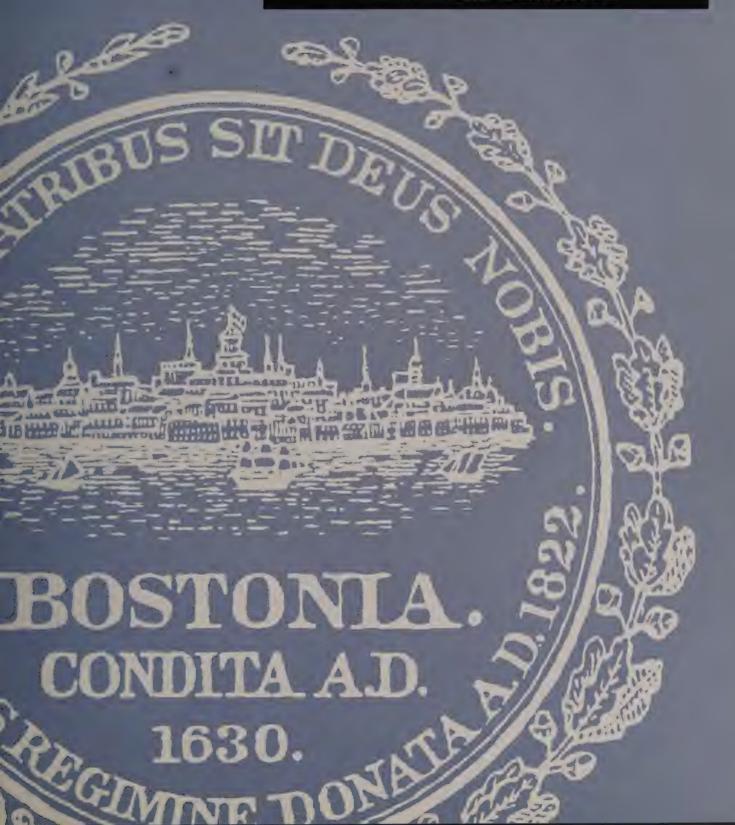
The City expects to retire all outstanding notes with the proceeds of the Convention Center Bonds to be issued during FYO2; pledged revenues will be dedicated to the repayment of debt service. FY00 - On February 1, 2000, the City issued \$27.8 million in Bond Anticipation Notes at an interest rate of 5 25% which will mature on May 1, 2002.

Office of Budget Management and Auditing Department. Due from Cemetery receipts.

Projections per the Office of Budget Management. Projections per the Office of Budget Management. @ <u>C</u> <u>8</u> <u>9</u> <u>6</u>

Assumes B.A.N. issuance for school construction in FY01 of \$114.9 million, maturing during FY04 with an average interest rate of 4.7%.

**Statutes and Ordinances** 



Statutes and Ordinances



# Statutes and Ordinances Governing Boston's Operating and Capital Budgets

This section summarizes key Commonwealth laws and City ordinances affecting Boston's operating budget development and its subsequent expenditure. The section also covers significant laws and ordinances governing general obligation loan authorization. Although the material is not all-inclusive, please note that it covers the more important laws guiding the budget process.

In addition to the statutes and ordinances, other budget-related directives are in various mayoral Executive Orders and in the policies and administrative guidelines issued by the Office of Budget Management.

For understanding Boston's operating budget, the most important pieces of legislation are Chapter 190 of the Acts of 1982, commonly referred to as the Tregor legislation, and Chapter 701 of the Acts of 1986, known as the Tregor Amendments.

#### **Annual Appropriation Process**

Section 15 of Chapter 190 of the Acts of 1982, as amended by Section 2 of Chapter 701 of the Acts of 1986 states that "all appropriations, excepting those for school purposes, to be met with taxes, revenue or any source other than loans, shall originate with the Mayor. The mayor, not later than the second Wednesday in April of each year, shall submit to the city council the annual budget of the current expenses of the city and county for the forthcoming fiscal year...

"The city council may reduce or reject any item but, except upon the recommendation of the mayor, shall not increase any item in, nor the total of, a budget nor add any item thereto, nor shall it originate a budget.

"Not later than the second Wednesday in June, the city council shall take definite action on the annual budget by adopting, reducing or rejecting it, and in the event of their failure to do so, the items and the appropriation orders in the budget as recommended by the mayor shall be in effect as if formally adopted by the city council...

"The city council shall take definite action on any supplementary appropriation order and any order for a transfer of appropriations by adopting, reducing or rejecting it within sixty days after it is filed with the city clerk...

#### **School Department Budget Process**

Subsection 6 of Section 32 of Chapter 71 of the Acts of 1993 states that "in addition to amounts appropriated for long-term debt service, school lunches, adult education, student transportation, and tuition revenue, each municipality in the commonwealth shall annually appropriate for the support of public schools in the municipality and in any region school district to which the municipality belongs an amount equal to not less than the sum of the minimum required local contribution, federal impact aid, and all state school aid and grants for education but not including equity aid, for the fiscal year...the commissioner (of the Department of Education) shall estimate and report such amounts to each municipality and region school district as early as possible, but no later than March first for the following fiscal year."

Section 2 of Chapter 224 of the Acts of 1936, as amended by Chapter 613 of the Acts of 1987 further states that "(a) in acting on appropriations for educational costs, the city council shall vote on the total amount of the appropriations requested by the mayor, but neither the mayor nor the city council shall allocate appropriations among accounts or place any restriction on such appropriations. The appropriation shall establish the total support of the public schools, but may not limit the authority of the school committee to determine expenditures within the total appropriation; provided, however, that if the city auditor determines that school department expenditures in any fiscal year are projected to be in excess of total budgeted expenditures for that fiscal year, as supported by appropriation and other available funding, then the school committee shall not reallocate or transfer funds from any item in the budget for that fiscal year to fund any such projected additional expenditures.

"(b) After the fourth Wednesday of March of any fiscal year, the school committee shall not initiate or authorize any new or additional programs or categories of expenditures requiring additional unbudgeted expenditures unless such programs or categories have been incorporated and fully funded in the budget for the subsequent fiscal year. If such programs or categories have not been incorporated and fully funded in the budget for the subsequent fiscal year, they shall not be initiated or authorized until the school committee shall have amended its budget submission for the subsequent fiscal year to reduce or eliminate other costs, programs or categories in amounts equal to the projected annualized costs of the new or additional programs or categories of expenditures.

"(c) The superintendent of schools shall prepare and submit to the school committee, the city auditor and the city office of budget management, a monthly budget update report which shall detail and itemize year-to-date and projected school department expenditures and budget transfers."

#### **School Department Financial Affairs**

Section 1B of Chapter 231 of the Acts of 1906, as amended by Chapter 613 of the Acts of 1987 notes that "the school committee may delegate, in whole or in part, to the superintendent of schools the authority to approve for the school department the acceptance and expenditure of grants or gifts of funds from the federal government, charitable foundations, private corporations, individuals, or from the commonwealth, its counties, municipalities or an agency thereof, the provisions of section fifty-three A of chapter forty-four of the General Laws notwithstanding.

"(b) The superintendent of schools shall provide to the school committee, the city auditor and the office of budget management of the City of Boston a report, detailing the source, purpose and balance on hand of all funds received or expended pursuant to subsection (a), quarterly."

Section 2 of Chapter 231 of the Acts of 1906, as amended by Chapter 613 of the Acts of 1987 states that "subject to appropriations therefor, the superintendent of schools shall have the exclusive authority to make on behalf of the school committee contracts, or amendments to contracts, for the purchase or rental of equipment, materials, goods or supplies, leases of property, alterations and repairs of school property, and for professional or other services, with the exception of collective bargaining agreements and contracts for the transportation of students. All school

department contracts or amendments to contracts shall otherwise conform to the requirements of the city charter of the city of Boston.

"(b) With respect to all contracts, agreements or amendments thereto made or entered into by the school department, the superintendent shall be responsible for establishing procedures for auditing and monitoring the compliance of the parties with the terms and obligations of such contracts, agreements or amendments thereto."

#### **Charter Schools Legislation**

Chapter 46 of the Massachusetts General Laws was enacted in July, 1997, amending the Education Reform Act of 1993 and establishing guidelines for charter schools across the state. Charter Schools are established for several reasons, including

- encouraging development and maintenance of innovative and creative learning programs within public education,
- allowing educators more flexibility in working with local school committees and unions.
- giving parents and students greater choice in learning programs,
- presenting educators with opportunities and tools to establish innovative and alternative educational programs,
- fostering performance-based educational programs,
- developing models for other schools to follow, and
- providing students with opportunities to specialize within academic areas.

Chapter 46 allows 50 charter schools. This total includes 37 commonwealth charter schools and 13 Horace Mann charter schools. A commonwealth charter school is a public school that is operated under a charter granted by the Board of Education. Commonwealth charter schools operate independently from local school committees and are managed by a separate board of trustees. Horace Mann charter schools are either public schools or programs that operate under a charter granted by the Board of Education and approved by the local school committee and the local bargaining agent.

Beginning in FY99, the state will absorb 100 percent of first-year tuition costs for new commonwealth charter students. Each year, thereafter, the state will absorb incrementally less until the student's fourth year when the local school district will assume 100 percent of the tuition cost.

The trustees for the Horace Mann charter schools shall annually submit a budget request to the superintendent and school committees for the following year. In response to its budget request, the Horace Mann

charter school shall not receive less funding than it would under the district's budgetary allocation rules.

#### **Reserve Fund**

Section 7 of Chapter 701 of the Acts of 1986 requires the creation of an operating budget Reserve Fund to deal with "extraordinary and unforeseen expenditures." This section requires that "prior to the date when the tax rate for a fiscal year is fixed, [the City must] include in the appropriations for such a fiscal year as a segregated reserve fund a sum not less than 2 1/2 percent of the preceding year's appropriations for city and county departments, excepting the school department...

"The mayor, with the approval of the city council, may make direct drafts or transfers against this fund before the close of the fiscal year, provided that no such drafts or transfers be made before June first in any fiscal year.

"Each transfer recommended by the mayor to the city council shall be accompanied by written documentation detailing the amount of such transfers and an explanation for the transfer..."

The section also notes that "the school department shall establish a segregated reserve fund of not less than one percent of the current fiscal year's appropriations to the school department within ten days of final approval of such appropriations. No expenditures may be made from this [school department reserve] fund before May first in any fiscal year..."and "shall require the approval of the mayor and the city council."

#### **Budget Allotment Process and Reallocations**

Section 18 of Chapter 190 of the Acts of 1982, as amended by Sections 8 and 9 of Chapter 701 of the Acts of 1986, requires that "on or before August first of each year, or within ten days of the annual appropriation order for such fiscal year, whichever shall occur later, the city or county officials in charge of departments or agencies, including...the school department, shall submit to the city auditor, with a copy to the city clerk...an allotment schedule of the appropriations of all personnel categories included in said budget, indicating the amounts to be expended by the department or agency for such purposes during each of the fiscal quarters of said fiscal year."

The school department's allotment may not be greater than 20 percent for the first quarter and 30 percent in each of the remaining three quarters. Al-

lotments for city and county agencies may not exceed 30 percent for first or second quarters or be less than 21 percent for the third and fourth quarters

In addition, "whenever the city auditor determines that any department or agency, including the school department, will exhaust or has exhausted its quarterly allotment and any amounts unexpended in previous quarters, he shall give notice in writing to such effect to the department head, the mayor and the city clerk, who shall transmit the same to city council.

"The mayor, within seven days after receiving such notice, shall determine whether to waive or enforce such allotment. If the allotment...is waived or not enforced...the department or agency head shall reduce the subsequent quarter's allotments appropriately and the director of administrative services, within seven days, shall state in writing to the city council and the city clerk what reductions in each subsequent quarter's allotment will be taken or what reallocations or transfers will be made to support the spending level in each subsequent quarter's allotment. If the allotment for such quarter is enforced and not waived, thereafter the department shall terminate all personnel expenses for the remainder of such quarter...

"No personal expenses earned or accrued, within any department, shall be charged to or paid from such department's or agency's allotment of a subsequent quarter without approval by the mayor, except for subsequently determined retroactive compensation adjustments.

"Approval of a payroll for payment of wages, or salaries or other personnel expenses which would result in an expenditure in excess of the allotment shall be a violation by the department or agency head...

"To insure that the overall city and county spending program remains in balance, the mayor may reallocate no more than three million dollars of non-personnel appropriations other than school appropriations during a fiscal year to other departmental purposes provided that in no department from which appropriations have been reallocated in accordance with this section shall any transfers be made...from personal services to non-personal services, except with the approval of a two-thirds vote of city council, if such transfer would require the layoff of departmental personnel, who have

been permanently appointed to a position in the department...

"No reallocation may be made under this section after April fifteenth in any fiscal year.

"A list of each reallocation made by the mayor shall be transmitted to the city council and the city clerk by the city auditor by April thirtieth in any fiscal year. In each case, the report shall state the accounts from which the transferred funds were taken and the accounts to which the funds were reallocated, and the reasons therefor."

#### **Transfer of Appropriations**

Section 23 of Chapter 190 of the Acts of 1982, as amended by Section 3 of Chapter 701 of the Acts of 1986, states that "after an appropriation of money has been made...no transfer of any part of the money thus appropriated, between such department or office and another department or office, shall be made, except in accordance with and after the written recommendation of the mayor to the city council, approved by a vote of two-thirds of all the members of the city council, provided that the city auditor, with the approval in each instance of the mayor, may make transfers, other than for personal services, from any item to any other item within the appropriations for a department, division of a department or county office.

"After the close of the fiscal year, the city auditor may, with the approval of the mayor in each instance, apply any income, taxes, and funds not disposed of and make transfers from any appropriation to any other appropriation for the purpose only of closing the accounts of such fiscal year, provided further that the city auditor within seventy days after the close of the fiscal year, shall transmit to city council and the city clerk a report listing what income, taxes, or funds were applied and what transfers were made and the reasons therefor."

#### **Penalty for Overspending Budget**

Section 17 of Chapter 190 of the Acts of 1982 (Tregor) states that "[n]o official of [the] city or county except in the case of extreme emergency involving the health and safety of the people or their property, shall expend intentionally in any fiscal year any sum in excess of the appropriations duly made in accordance with law, nor involve the city in any contract for the future payment of money in excess of such appropriations..

"Any official who violates the provisions of this section shall be personally liable to the city for any amounts expended intentionally in excess of an appropriation to the extent the city does not recover such amounts from the person to whom paid..."

#### **Appropriation Restrictions**

Section 10 of Chapter 701 of the Acts of 1986 requires that "the mayor and city council shall appropriate for the hospitalization and insurance account an amount not less than the average of the past three years actual expenditures from those accounts. The city auditor shall certify, in writing to the board of assessors, that adequate funds are provided in the operating budget for existing collective bargaining contracts..."

# Restrictions on the Disposition Of Surplus Property

Section 24 of Chapter 190 of the Acts of 1982, as amended by Section 4 of Chapter 701 of the Acts of 1986, requires that "proceeds from the disposition of any surplus property shall be deposited in a separate fund which shall be known as the Surplus Property Disposition Fund, and shall be used only as follows: (1) the amount equivalent to the debt incurred, and interest paid or payable thereon, as a result of the acquisition or improvement from time to time of the property shall be used only for purposes for which the city is authorized to incur debt for a period of ten years or more [and](2) all proceeds in excess of such amount shall be credited to the capital fund of the city unless the city council by a majority vote determines with the approval of the mayor to credit such proceeds to the general fund of the city."

#### **Duties Of Supervisor Of Budgets**

City of Boston Code Ordinance 5, section 5 states that "[t]he supervisor of budgets shall, under the direction of the mayor and in consultation with the director of administrative services, prepare in segregated form the annual and all supplementary budgets...and shall report to the mayor on all subsequent revisions of the items in any budget...

"The supervisor of budgets shall also prepare...all transfer orders...

"The supervisor of budgets shall further prepare...the form of estimate sheets to be used by each officer, board and department, and each division of a department for which the city appropriates money, and the form of monthly report of such officer, board and de-

partment, and each division thereof, showing expenditures to date of all appropriations by them.

"The supervisor of budgets shall, in addition, have the powers and perform the duties conferred or imposed on the budget commissioner by any statute other than section 56 of chapter 35 of the General Laws."

#### **Convention Center Legislation**

Chapter 152 of the Acts of 1997, the convention center legislation, was enacted on November 19, 1997. This legislation authorizes the development and construction of a convention center in Boston as well as borrowing for other convention center-related projects in Worcester, Springfield, Pittsfield, Fitchburg, Greater New Bedford, Holyoke and for conducting studies of other areas of the state.

Under this legislation and through the joint efforts of the Boston Redevelopment Authority (BRA) and Massachusetts Convention Center Authority (MCCA), the new Boston Convention and Exhibition Center will be developed and constructed on a 60-acre site in South Boston. The 1.7 million square foot facility, which is expected to open in FY2004, will include 600,000 square feet of contiguous exhibition space in addition to ballrooms, meeting rooms, banquet and lecture halls, and indoor ground parking.

The enabling law authorizes the Commonwealth to borrow up to \$609.4 million for facility construction and the City to borrow up to \$157.8 million. If necessary, the City is also authorized to borrow up to an additional \$25 million for acquisition and preparation of the land. The state will fund its share of expenses through several methods, including convention center financing fees from hotel, meals, beverage and sales taxes; tourist, sightseeing and entertainment vehicle surcharges; vehicle rental surcharges (\$10 each, of which \$1 will be earmarked for Boston) and convention center parking surcharges of \$2 per vehicle per day.

Boston's expenses will be funded through establishing a Room Occupancy Excise Fund encompassing four major revenues. First, the City collects a four-percent tax on new hotels that opened on or after July 1, 1997. Second, the City receives a \$1 surcharge for car and truck rentals as part of the state surcharge. Next, the City of Boston will receive 40 percent of the state's convention center financing fees collected from Boston hotels through June 30, 2002. Also, the City will issue 260 additional hackney licenses. These taxi medallions, worth approximately

\$100,000 each, should raise an estimated \$21 million. The City held the first hackney medallion auction on January 15, 1999. On that date, 75 medallions were sold. The remaining 185 medallions will be sold at future auctions. In addition to these revenues, Boston is depending on new hotel construction to increase the baseline of fees collected and the demand for services to generate more revenue.

With the construction of the new convention center, Boston is poised to become a major competitor for international and national convention and exhibition business, thereby stimulating economic development and investment. With new attractions, tourism-related businesses will expand, thereby encouraging secondary spending for transportation services, recreation, and entertainment and at hotels, restaurants, and retail stores. The ultimate economic benefit will be new jobs, new businesses, and new investment opportunities, resulting in an improved quality of life for Boston residents.

# The Boston Jobs and Living Wage Ordinance

Chapter 3 of the Ordinances of 1998, amending Chapter 5 of the Ordinances of 1997, was enacted on July 1, 1998. This ordinance established guidelines requiring companies and organizations with city service contracts of \$100,000 or more to pay all workers a living wage or \$8.23 an hour.

The intent of this ordinance is to balance a decent wage for the working poor with economic development in the business community. By raising the wage level, it is expected that consumer income will increase, poverty levels will decrease, neighborhood businesses will be invigorated, and the need for taxpayer-funded social programs will decline. The Living Wage level, higher than the federal minimum wage, is designed to meet the needs of a family of four to live at or above the federal poverty level.

This ordinance applies to for-profit companies with 25 employees or more and non-profit businesses with 100 employees or more. Exemptions to this ordinance include school to work programs, summer youth programs, seasonal or part-time work, or where compliance would result in extreme hardship.

## Registration of Bicycle Messenger Services and Licensing of Commercial Messengers

Chapter 302 of the Acts of 1998, approved on August 4, 1998, requires the registration of bicycle messenger services and licensing of commercial bicycle messengers in Boston. Although the registration fee is nominal and will not have a substantial impact on the City's budget, the main purpose for this law is to promote and maintain public safety and traffic safety control. As part of the registration process, each messenger must be instructed in safe bicycling techniques in accordance with section 11B of Chapter 85 of the General Laws.

The Boston Police Commissioner issues numbered permits (lightweight, reflective patches) that must be displayed on either the messenger's back or backpack. A bicycle messenger is subject to a fine for failing to carry a commercial bicycle messenger license when conducting business. In extreme cases for repeat offenders, the commissioner may deny, suspend or revoke a license. Messengers may request a hearing to appeal. The Act exempts persons under 17 years old who deliver newspapers or circulars.

In addition, each messenger must show proof of insurance coverage for minimum amounts for property damages, for injuries or death of a person, and for injuries to or death of more than one person in any one accident. Also, Bicycle Messenger Services must provide workers compensation coverage by law.

#### **Changes in Contracting Procedures**

Chapter 262 of the Acts of 1998 establishes that any department, officer or board of the City of Boston or Suffolk County must initiate a contract when the amount involving a request for services or purchase is \$10,000 or more. Previously, the amount requiring a contract was \$2,000. Raising the contract level reduces the amount of processed paperwork, streamlines the acquisition process, and reduces the time needed for retaining goods and services.

#### **Civil Service Changes**

Chapter 282 of the Acts of 1998 requires that the state Personnel Administrator certify current provisional employees and provisional promotees who have served in civil service positions within the City of Boston for at least six months prior to January 1, 1998 to permanent civil service status in those positions. Under this law, approximately 3,100 employees became permanent civil servants.

#### **Pension Funding Changes**

To aid municipalities dealing with property tax reduction due to Proposition 2 1/2, the state began assuming the cost for local pension COLAs as of 1981. During the FY97 budget process, the state clearly stated it would not fund local pension COLAs in subsequent years. The state, however, remains obligated to pay for local pension COLAs awarded between FY81 and FY97.

The impact of assuming the funding for COLAs granted after FY98 could have severely impaired the City's budget had Boston not changed its funding schedule to fully fund pension liabilities on a new, adjusted schedule. Specifically, without any changes, the COLA costs would have increased the City's pension contribution by \$27.9 million in FY99 with an expectation of 4 1/2 percent growth each year. However, the City instituted changes in the funding schedule to offset the increased costs.

The City's plan has three parts for decreasing the impact of COLA funding. First, through a new actuarial valuation of the State-Boston Retirement System (SBRS), which is done at least every three years, the City realized gains that reduced future funding costs. This savings is a result of improved investment returns and shifting future pension obligations associated with the City's former Department of Health and Hospitals. This savings is spread through the life of the funding schedule.

Next, the new valuation indicated a \$20.3 million savings in FY98, a year before Boston will pay its first retirement COLAs. This amount will be applied to offset future COLA costs for FY99, FY00 and FY01.

Finally, the City plans to extend unfunded pension liability for retirees three more years, from FY03 to FY06. This adjustment helps to offset the impact of COLA increases beyond the immediate and near-term future budgets.

#### **Boston Public Health Act of 1995**

The goal of the Boston Public Health Act of 1995 (Chapter 147) is to establish a new, comprehensive health care system to meet the challenges of a rapidly changing health care environment and ensure continuous delivery of high-quality health care services to residents. The new health care network of public and private partnerships unites outreach, health educa-

tion, prevention, outpatient and inpatient services, home care, emergency care, specialty care, aftercare, rehabilitation, and long-term care services into an integrated continuum of care. The overall goals are promoting health and well being, meeting medical and public health needs, and educating future physicians and caregivers. The system also addresses cultural and linguistic diversity to meet the health needs of persons of all races, languages, cultures, and economic classes.

Chapter 147 abolished the Department of Health & Hospitals and established the Boston Public Health Commission (BPHC) in its place. With City Council approval, the legislation allowed the City to merge or consolidate the operations and assets of the hospitals with the Boston University Medical Center Hospital per the following guidelines:

- "(1) ensuring the availability of a full range of primary through tertiary medical programs, in addition to a commitment to public health, preventive, emergency and long term rehabilitative care programs;
- (2) serving both urban and suburban communities in a culturally and linguistically competent manner that strives to meet the current and changing health care needs of people of all races, languages, cultures and economic classes;
- (3) providing a high degree of medical, nursing, management and technical competency and accountability;
- (4) enhancing its role as a major academic medical center, including support for bio-medical, public health, medical education and basic science research;
- (5) providing managed care services to the communities served by the new medical center and participating effectively and competitively in managed care plans serving the patient population; and
- (6) treating its patients, staff and the communities served with respect and dignity."

The network links the City's new Public Health Commission with private hospitals, community health centers, the new Boston Medical Center, and community-based organizations and providers. Through this network, the commission offers a myriad of health services, including primary care, specialized services such as AIDS treatment and prevention, communicable disease control, injury prevention, substance abuse services, infant mortality prevention, and ambulance services. In addition,

the commission operates the City of Boston's homeless shelter.

The budget should set forth the amount by which, if any, the projected expenditures exceed revenues and the net cost of public health services. If there is a net cost of public health services, the budget is subject to mayoral review and approval. The mayor may approve or reject and return the budget to the BPHC. If the budget is accepted, the mayor shall include the net cost of public services in the City's annual budget and may submit supplementary appropriations as needed. The BPHC must adopt its budget no later than the second Wednesday in June.

#### **Classification of City Debt**

Pursuant to the Bond Procedure Act of 1983, all indebtedness of the City, other than certain special obligation bonds, constitutes general obligation indebtedness of the City for which its full faith and credit are pledged and for the payment of which all taxable property in the City is subject to ad valorem taxation without limit as to rate or amount. Pursuant to the 1982 Funding Loan Act and the Bond Procedure Act of 1983, general obligation bonds of the City may also be secured by a pledge of specific City revenues pursuant to covenants or other arrangements established under a trust or other security agreement. In addition, special obligation bonds of the City may be issued and be payable from and secured solely by a pledge of specific revenues derived from a revenue-producing facility of the City. Indebtedness of the City may also be classified by the nature of the City's obligation for the payment of debt service, depending on whether such debt is a direct obligation of the City or is an obligation of another governmental entity for the payment that the City is indirectly obligated.

#### **Direct Debt-Indirect Debt**

Direct debt of the City consists principally of the City's outstanding general obligation bonds. The City's direct indebtedness does not include the City's Revenue Refunding Bonds, Boston City Hospital (FHA Insured Mortgage) Series B (the Series B Bonds). The Series B Bonds, which refunded the City's Revenue Bonds, and Boston City Hospital (FHA Insured Mortgage), Series A do not constitute general obligations of the City to which its full faith and credit are pledged. The source of payments of principal and interest on the Series B

Bonds are payments on a mortgage note for which the Boston Public Health Commission is mortgagor and which is payable from revenues of the Commission and, under certain circumstances, city revenues subject to annual appropriation by the City, with certain investment earnings.

Indirect debt of the City consists of a portion of debt incurred by the Massachusetts Bay Transportation Authority (MBTA). Although the City is not directly obligated on bonds or notes issued by the MBTA for such purposes, state law provides for assessments against cities and towns within the MBTA's service area of the MBTA's expenses, including debt service not otherwise paid from revenues or state assistance. Unpaid assessments may be deducted from state aid payments to the cities and towns. The City's assessment currently amounts to approximately 42.7% of the total annual assessment on all such cities and towns.

#### Secured Indebtedness

In addition to authorizing the City to secure its indebtedness with letters of credit, the Funding Loan Act of 1982 and the Bond Procedure Act of 1983 empower the City to secure any of its indebtedness issued under any general or special law by a pledge of all or any part of any revenues that the City received from or on account of the exercise of its powers. Examples include taxes (such as real property taxes), fees payable to or for the account of the City, and receipts, distributions, and reimbursements held or to be received by the City from the Commonwealth that are not restricted by law for specific purposes. Currently, the City does not have any outstanding bonds secured by such a pledge. The City, however, reserves the right in the future to issue bonds, notes or other obligations secured by various revenues of the City or by letters of credit.

#### **Bond Procedure Act of 1983**

In 1983, the City Council passed and the Mayor signed a home rule petition to the state legislature that enacted Chapter 643 of the Acts of 1983 of the Commonwealth. This act, formally entitled the City of Boston Bond and Minibond Procedure Act of 1983, is referred to as the Bond Procedure Act of 1983. Effective January 2, 1984, the legislation modified various procedural restrictions related to the City's issuance of indebtedness. Such modifications provide, among other things, more flexible schedules for repaying debt principal, the issuance of variable rate bonds, term bonds and bonds redeemable at the option of the

bondholder, and authorization for the sale of bonds at a discount. The legislation also provides the City with the authority to issue bonds in an amount up to \$5 million in any one fiscal year and notes in an amount outstanding at one time of up to five percent of the prior year's property tax levy. Each bond and note is issued in a denomination less than \$5,000 (known as minibonds and mininotes). In addition, the legislation authorizes the issuance of refunding bonds and grant anticipation notes, as well as restating the investment powers of the City and the extent to which city bonds are legal investments for certain entities.

The Bond Procedure Act of 1983 also reaffirms provisions of state law, indirectly affected by Proposition 2 ½. This law requires that the City's annual tax levy must include the debt and interest charges that are not otherwise provided for as well as all general obligation indebtedness of the City regardless of the date of issue.

In addition to modifications to the procedures related to the City's general obligation indebtedness, the legislation authorizes the City to finance revenue-producing facilities with special obligation bonds payable from and secured solely by a pledge of facility revenues. Under this act, the City may also issue general obligation bonds secured by the pledge of specific city revenues and finance projects that otherwise could be financed by bonds, lease, lease-purchase or sale-leaseback agreements. The Bond Procedure Act of 1983 was amended in August 1991 to provide, among other things, for increased flexibility in establishing debt principal amortization schedules.

#### **Authorization of Direct Debt: Debt Limits**

All direct debt of the City requires the authorization of the City Council and approval of the Mayor. If the Mayor should veto a loan order passed by the City Council, the charter of the City provides that the loan order is void and may not be passed over the Mayor's veto. Authorization of bonds under a loan order of the City Council includes, unless otherwise provided in the loan order, the authorization to issue temporary notes in anticipation of such bonds. Under the Bond Procedure Act of 1983, temporary notes in anticipation of bonds, including any renewals thereof, must mature within two years of their issue dates.

The laws of the Commonwealth provide for a general debt limit for the City (and all other cities of the Commonwealth) consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 2 1/2 percent of the valuation of taxable property in the

City as last measured by the state Department of Revenue. The City may authorize debt up to this amount without state approval. The City may also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Emergency Finance Board. As of June 30, 1999, the City had outstanding debt subject to the Normal Debt Limit of \$463.5 million and authorized but unissued. debt subject to the Normal Debt Limit of \$332.8 million. Based on the City's Normal Debt Limit of approximately \$896.3 million as of such date, the City could authorize an additional \$200.1 million within its Normal Debt Limit and an additional \$896.4 million, within its Double Debt Limit which would be subject to state approval. The equalized valuation as of January 1, 1998 for use in fiscal 2000 and 2001 is approximately \$38.85 billion.

There are many categories of general obligation debt which are exempt from the general debt limit (although authorization of such debt is subject to various specific debt limits, specific dollar limitations or state approval). Among others, these exempt categories include temporary loans in anticipation of current and in anticipation of reimbursements or other governmental aid, emergency loans, loans exempted by special laws, certain school bonds, and bonds for housing and urban and industrial development. The latter bonds are subject to special debt limits ranging from 0.5% to 10 percent of equalized valuation depending on purpose. On June 30, 1999, the City had \$247.5 million in outstanding debt exempt from the general debt limit and \$385.1 million in authorized but unissued debt exempt from the general debt limit.

#### **Related Authorities and Agencies**

In addition to direct and indirect indebtedness of the City, the City and certain agencies and commissions related to the City are authorized by law to issue obligations that are solely a debt of the agency or commission issuing the obligations or are payable solely from revenues derived from projects financed by such debt. Except, as described below, such obligations are not a debt of the City.

The Boston Public Health Commission is an independent corporate and political subdivision of the Commonwealth created in June 1996 as the successor to the City's Department of Health and Hospitals (DHH). Effective July 1, 1996, all powers and functions of DHH and THH (Trustees of Health & Hospitals) were transferred to the commission. In addition, the commission assumed all assets and li-

abilities of the City allocable to DHH. At its inception, the Commission also assumed responsibility for paying the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes. Such bonds were outstanding on June 30, 1999 in the aggregate principal amount of \$30.2 million. These bonds are the City's general obligations whose outstanding amount is shown on the City's debt statement. The commission has also assumed responsibility for paying the current debt service on the City's Revenue Refunding Bonds. Boston City Hospital (FHA Insured Mortgage) Series, which were outstanding on January 1, 2000 in the aggregate principal amount of \$152.2 million. The Series B Bonds are not general obligations of the City, but are secured by a mortgage on the former Boston City Hospital campus. Payments of principal and interest on the mortgage are insured by the federal government through the Federal Housing Administration. The commission expects to meet its mortgage and Series B Bond obligations through a portion of the rent payable to the commission by Boston Medical Center Corporation for its lease of the former Boston City Hospital campus and investment earnings on reserves for the Series B Bonds. Subject to appropriation by the City, under certain circumstances such as default by Boston University Medical Center under the lease, City revenues may be required to satisfy the debt service requirements on the Series B Bonds.

The Boston Water and Sewer Commission (BWSC) is an independent political and corporate subdivision of the Commonwealth created in July 1977. At its inception, BWSC assumed responsibility for the operation of the City's water and sewer systems and for paying to the City an amount equal to current debt service on all outstanding bonds the City issued for water and sewer purposes. These bonds were outstanding on June 30, 1999 in the aggregate principal of \$50,000. Such bonds, however, are general obligations of the City whose outstanding amount is shown on the City's debt statement. The City is not obligated, however, on bonds issued by the commission.

The Economic Development and Industrial Corporation of Boston (EDIC) is a political and corporate entity of the Commonwealth consisting of five members who are also appointed as members of the Boston Redevelopment Authority (BRA).

EDIC has a variety of powers to assist industrial development projects in the City. EDIC is not

authorized to issue debentures in excess of \$5 million secured solely by the credit and properties of EDIC and revenue bonds secured by revenues from the lease or sale of its projects. The City is also authorized to appropriate or borrow monies for EDIC development projects within certain urban renewal debt limitations.

The BRA is a public political and corporate body that combines the City's redevelopment and planning board authority with certain powers of the state Department of Community Affairs. The BRA board consists of four members appointed by the Mayor, subject to confirmation by the City Council, and one member appointed by the state Department of Community Affairs. The BRA provides the planning support for major construction and redevelopment activity in the City. Although the BRA is authorized to issue revenue bonds and notes that are not city debts, the BRA traditionally finances its projects through a combination of federal and state grants, proceeds of general obligation bonds issued by the City, and revenues from the lease or sale of land.

#### **Major Debt Statutes and Borrowing Authority**

Chapter 44, Section 7 of the Massachusetts General Laws permits cities and towns in the Commonwealth to incur debt within the statutory limits of indebtedness described previously for various municipal purposes and identifies the specific maturity period for each purpose. The purposes include, but are not limited to, the original construction and equipping of municipal facilities, repairs and renovations to existing municipal structures, improvements to parks and playgrounds, reconstruction and resurfacing of roads, roadway and street lighting, and equipment acquisitions.

The Capital Improvements Act of 1966, as amended, permits the City of Boston to issue debt outside the debt limit for various municipal purposes, including new construction and renovation of existing facilities. The legislation provides a specific limit on the total amount of debt that may be issued under the statute.

The School Loan Act of 1948 provides for the issuance of general obligation debt outside the debt limit for certain school projects approved by the State Board of Education under the School Building Assistance program. Under the program, the state reimburses a percentage project costs to the City's General Fund annually.

**Boston's People and Economy** 

BOSTONIA CONDITA A.D. 1630.



# Boston's People and Economy

The City of Boston was first incorporated as a town in 1630, and as a city in 1822. It is one of America's oldest cities, with a rich economic and social history. What began as a homesteading community, and eventually evolved into a center for social and political change, has since become the economic and cultural hub of New England.

As the region's hub, Boston is home to nearly 560,000 residents, 35 institutions of higher education, some of the world's finest inpatient hospitals, and numerous cultural and professional sports organizations. Boston-based jobs, primarily within the finance, health care, educational, and service areas, numbered over 670,000 in 1998. More than eleven million people visited Boston in 1998 to take in its historic neighborhoods, attend cultural or sporting events, or conduct business.

The City provides a wide range of programs and services to meet the diverse needs of its many residents and visitors. Under the direction of Mayor Thomas M. Menino, the City is also aggressively pursuing new economic opportunities to ensure Boston will emerge as a global leader in the twenty-first century.

#### **Boston's Role in the Regional Economy**

The City of Boston is the 20th largest city in the United States. The U.S. Bureau of the Census reported Boston's population as 574,283 in 1990 and estimated Boston's population as 555,447 in 1998. Boston is the center of the seventh largest Consolidated Metropolitan Statistical Area (CMSA) in the nation. As a CMSA, Boston had a total population of 5.6 million in 1996 as reported by the U.S. Bureau of the Census.

In addition to having one of the largest concentrations of population, Boston also ranks among the highest in concentration of employment and income in the U.S. In 1998, Boston supplied 671,023 jobs, or approximately one out of every thirteen jobs in New England. Boston provides employment opportunities for many people who live outside of the City. The City had 9.0% of the state's population in 1998, but measured in terms of jobs, Boston's economy accounted for approximately 16.9% of the Massachusetts economy.

The attributes that make Boston such a great city in which to conduct business also make it a great destination for tourists. According to the Greater Boston Convention and Visitors Bureau, an estimated 11.5 million people visited Boston in 1998, up from 11.1 million in 1997.

Boston is an attractive destination for conventions, meetings, and gate shows. Currently, Boston has three sites for small and medium size conventions: the John B. Hynes Veterans Memorial Convention Center, the World Trade Center, and the Bayside Exposition Center. A fourth convention site, which will be able to accommodate larger conventions, is currently being planned.

The new Boston Convention and Exhibition Center will be located on a 60-acre site in South Boston. The plan calls for development of a 1.7 million square foot facility containing 600,000 square feet of contiguous exhibition space, as well as ballrooms, meeting rooms, banquet halls, lecture halls, and indoor parking. Land acquisition was completed and groundbreaking occurred in the spring of 2000. The convention center will be funded by a combination of City and Commonwealth revenue sources. Construction of this facility along with many new hotel projects in the City will give a significant boost to the local economy and help to position Boston as a world class city of the future.

Boston's hotel market is currently one of the strongest in the nation. During the first 11 months of 1999, Boston hotels had an average occupancy of 79.0%, up from 65.4% in 1991. With high occupancy levels, prices for rooms have risen steadily. During the first 11 months of 1999, the average room rate at Boston hotels was \$190.76, up from \$109.29 in 1991.

With high occupancy and room rates and the new Boston Convention and Exhibition Center on the horizon, Boston is attracting new hotel construction. Four new hotels representing 573 new rooms were under construction as of December 1, 1999. Fifteen other hotel projects representing a total of 5,591 rooms have requested approval by the BRA.

#### **Boston's Changing Economy**

The nature of Boston's economic base has changed dramatically over the past four decades. In 1960, manufacturing and trade jobs accounted for 39% of the total economy, while financial and service sector jobs totaled 30%. In 1998, manufacturing and trade jobs accounted for only 16.6% of the total economy while financial and service sector jobs totaled 61.6%. These trends mirror a national movement from an industrial-based economy to a service-based economy.

The City's workforce is undergoing a transformation as well. Of the 550,561 people working in Boston in 1960, 34% held blue-collar jobs and 44% held white-collar jobs. In 1990, of 622,433 Boston workers, those holding blue-collar jobs fell to 16%, and those employed in white-collar occupations rose to 67%. The majority of these white-collar jobs are within the finance, health care, education, and other broad-based service industries. (Table 1.)

The changing needs of a service and informationbased economy have increased the demand for a more educated, more highly skilled workforce. In 1990, 76% of the adults in Boston had completed high school, compared to 45% in 1960. A full 30% of adults in Boston had completed college in 1990, compared to only 8% in 1960.

Between 1980 and 1990, there was a 13% increase in the number of Boston residents in the workforce while there was only a 2% increase in Boston's population over the same time period. This was due to the realization by many that two incomes per household were necessary to maintain a comfortable lifestyle in the 1980s, while it had taken only one income in the 1970s. Fortunately, the strong economy supported 9% job growth between 1980 and 1990.

#### **Economic Outlook**

As with any economic entity, the City of Boston has seen good times and bad. During the 1960s, the economy thrived and unemployment was consistently below 6%. In the 1970s, Boston experienced the same pain felt across the country as a national recession took hold.

#### **Key Indicators of Boston's Economy**

	1960	1970	1980	1990	Recent
Total Population	697,197	641,071	562,994	574,283	555,447 ('98)
% Minority Population	<10%	18%	30%	37%	
% Family Households	72%	65%	53%	52%	
Poverty Rate	na	na	20.2%	18.7%	
% Not High School Graduate	55%	47%	32%	24%	
% College Graduate	8%	10%	20%	30%	
Unemployment Rate	<6%	12.8%('75)	9.1%('82)	8.5%('91)	3.0% (2/00)
Number of Jobs	550,561	576,125	572,078	622,433	671,023 ('98)
% Blue Collar Jobs	34%	28%	22%	16%	
% White Collar Jobs	44%	55%	60%	67%	
% Manufacturing Jobs	16%	11%	9%	5.2%	4.4% ('98)
% Trade Jobs	23%	22%	16%	13%	12.2% ('98)
% Finance Jobs	11%	13%	13%	15%	15.5% ('98)
% Service Jobs	19%	25%	36%	42%	46.1% ('98)
Office Market Vacancy Rate	8.1%	2.4%	1.2%	14.6%	2.9% (4Q'99)
Housing Units	238,500	232,400	241,300	250,900	
% Vacant Units	6%	6.4%	9.5%	9%	
Number of Units Subsidized	15,000	30,000	40,000	45,000	
% of Units Subsidized	6.3%	12.9%	16.6%	17.9%	
% Units Owner Occupied	27%	27%	27%	31%	
Median House Price	na	na	\$71,700	\$173,800	\$255,000 (3Q'99)

#### Sources:

Boston Redevelopment Authority, Federal Reserve Bank of Boston, Massachusetts Division of Employment and Training.

Table 1

From 1982 to 1989, a strong economy contributed to significant increases in real estate values in Boston and the surrounding area. Housing prices and rental rates increased dramatically. The 1990-1991 recession reversed this trend.

Since 1992, construction activity in the City has stabilized, and is now strong. In fiscal 1999, building permit revenues indicated an estimated potential construction activity level of \$1.3 billion in the City. Commercial rents have risen steadily as the City's office market vacancy rate has decreased significantly, from a high of 17.7% in 1991 to 2.9% at the end of 1999. Due to the dropping office vacancy rate and the continued high hotel occupancy levels in Boston, developers are planning several office and hotel projects in the City.

Jobs are plentiful in Boston. Boston's unemployment rate peaked during 1991 at 9.3% but has declined to 3.0% as of February 2000. This compares favorably with the national rate of 4.1% and the Massachusetts rate of 3.1%.

# The Role of Higher Education, Health Care, and Financial Services

Higher education, health care, and financial services play a major role in the Boston economy. An examination of Boston's 42 largest private employers shows 27 are involved in these growing sectors.

Many of the nation's finest research and teaching hospitals are located in Boston, including Massachusetts General Hospital, Brigham and Women's Hospital, Beth Israel/Deaconess Hospital, Boston Medical Center, New England Medical Center and Children's Hospital. There are a total of 25 inpatient hospitals in the City. The City is also home to the medical and dental schools of Harvard University, Tufts University and Boston University, as well as numerous community-based health centers. In 1998, there were 97,401 people employed in health services in the City.

Boston also hosts 35 institutions of higher education. Included among the City's universities are some of the finest educational institutions in the country, including Boston College, Boston University, and Northeastern University.

These institutions of higher education have a major impact on the City's economy. Boston colleges and universities enrolled approximately 135,480 students in the fall of 1997. Because many of these students remain in Boston after graduation,

Boston's educational institutions are a major source of new highly-skilled professionals for the City's work force. Boston colleges and universities add to the economy in other ways as well. From 1991 through 1998, over \$300 million of large construction projects at educational institutions in Boston were completed.

Many of the country's leading financial services firms are located in Boston, including Fidelity Investments, John Hancock Mutual Life Insurance Company, Putnam Investments, and State Street Bank & Trust Company. The City also has the distinction of being the birthplace of the mutual fund industry. In 1998, there were 104,194 people employed in financial services, insurance, and real estate in the City.

#### **Transportation**

A key to Boston's economic health is the City's ability to transport residents, workers, and visitors efficiently and safely to their intended destinations. Boston's public transportation system reaches into all of the City's neighborhoods and is linked to the commuter rail system, connecting millions of people to the central City.

The roadway system provides commuters access to Boston through surface arteries and three limited access interstate highways that connect Boston to the national highway system. Interstate 90, the Massachusetts Turnpike, leads westward from downtown Boston to the New York State border. Interstate 95, the East Coast's principal north-south highway, connects Boston to New Hampshire and Maine to the north and New York City and Washington D.C. to the south. Interstate 93, another north-south highway, extends from just south of the City to New Hampshire. Major industrial parks and high-technology companies line these transportation arteries.

In 1998, Boston's Logan International Airport was the most active airport in New England, the 17th most active airport in the United States, and the 27th most active airport in the world. In 1998, 26.7 million domestic and international passengers were served at Logan airport by 39 domestic and 20 international airlines. Logan Airport is also very important to the economy as a center for processing air cargo.

The Port of Boston provides New England businesses with excellent deep-water port facilities

and access to world ports, as well as feeder service to Halifax, Nova Scotia, and New York. In 1990, the Port of Boston ranked as the 21st largest American seaport by total tonnage shipped. The Port of Boston is also a major cruise ship port, hosting 64 cruise ship calls and 109,000 passengers in FY99.

#### **Boston's Changing Population**

In a thirty year span, Boston's population declined from 801,444 in 1950 to 562,994 in 1980. This decline can largely be attributed to fewer families with children and a flight to the suburbs for better schools and less crime. Since 1980, however, the City's population has stabilized. The 1990 U.S. Census recorded the City's population at 574,283, representing a 2% increase over the 1980 population, the first increase since 1950.

A wide range of ethnic backgrounds and countries of origin can be found in Boston's population. Boston's rich cultural heritage is also reflected in the diversity of its neighborhoods. Because the Mayor is aware of the fact that many of the people who move to Boston each year come from different cultural backgrounds and have a first language other than English, he has created the Office of New Bostonians. The mission of this office is to strengthen the ability of residents from diverse cultural and linguistic communities to play an active role in the economic, civil, social, and cultural life of the City of Boston.

#### **Quality of Life**

Since he first took office, Mayor Menino has made the quality of life in the neighborhoods a priority. Under his leadership, Boston's neighborhoods have become more active and at the same time much safer. Boston's public safety departments continue to receive national recognition for the progress that they have made in making Boston a safer place to live and work.

For the Boston Police Department, the facts speak for themselves. Today, the crime rate in Boston is the lowest it has been in decades. One of the cornerstones of the Police Department's success has been the Same Cop Same Neighborhood program (SC/SN). Under SC/SN, the same beat officers are regularly assigned to the same neighborhood and will spend no less than 60% of their beat in that neighborhood. Keeping Boston a safe City in

which to live and work helps position the City to make strides economically.

#### **Economic Development**

Recent trends indicate that Boston's economy is growing steadily. With the election of Thomas M. Menino as the Mayor of Boston, a new cabinet form of government was established to create greater efficiency and improve the delivery of City services. Within this new structure, a Chief Economic Development Officer (CEDO) cabinet position was created. The CEDO is charged with developing a successful strategy for promoting the economic viability of the City. Two of the major agencies responsible for economic development under this cabinet, the Boston Redevelopment Authority and the Economic Development and Industrial Corporation, have consolidated services to allow for a more coordinated, comprehensive approach to planning and development.

Current public sector projects impacting the Boston economy include the Central Artery/Third Harbor Tunnel project and the Boston Harbor Treatment Facility project. The federal government primarily funds both projects with the Commonwealth covering the rest of the cost.

The Central Artery/Third Harbor Tunnel project is the largest public works project in the country, at a recently estimated cost of \$12.2 billion. It is estimated that this project will employ 15,000 workers during the peak years of construction. When completed, the new depressed Central Artery and Ted Williams Tunnel are expected to alleviate traffic congestion throughout the City, make Logan Airport and East Boston more accessible, and support new development in South Boston.

In order to clean up Boston Harbor, the Massachusetts Water Resources Authority is nearing completion on one of the largest wastewater treatment facilities in the nation at a cost of \$3.919 billion in 1999 dollars. The Treatment Facility Project is intended to bring wastewater discharges in Boston Harbor into compliance with federal and state requirements.

There are many other economic development projects proceeding in Boston. These include plans to develop the East Boston and South Boston seaport districts, further enhancements to Boston's neighborhoods through the Empowerment Zone and Main Streets initiatives, and continuing development of retail and business districts.

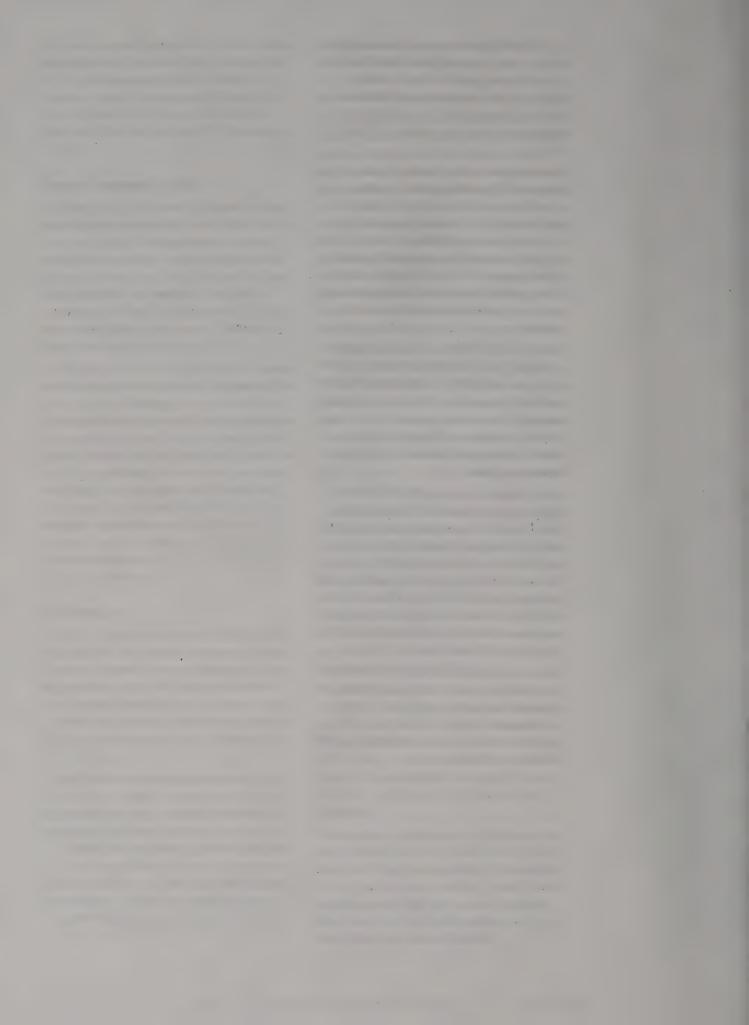
Improvements are planned to parks and neighborhoods to connect residents to the waterfront areas. In South Boston, groundbreaking is expected shortly on a new convention center. There are also plans for hotel, retail, and residential housing development to attract new workers and visitors to the area.

Partnerships have and will continue to play an important role in revitalizing Boston's neighborhoods. In January 1999, the City of Boston was designated an Empowerment Zone community by the U.S. Department of Housing and Urban Development. The ten-year Empowerment Zone designation brings with it \$130 million in tax-exempt bonding authority and \$100 million in grants to finance sweeping revitalization and job creation programs.

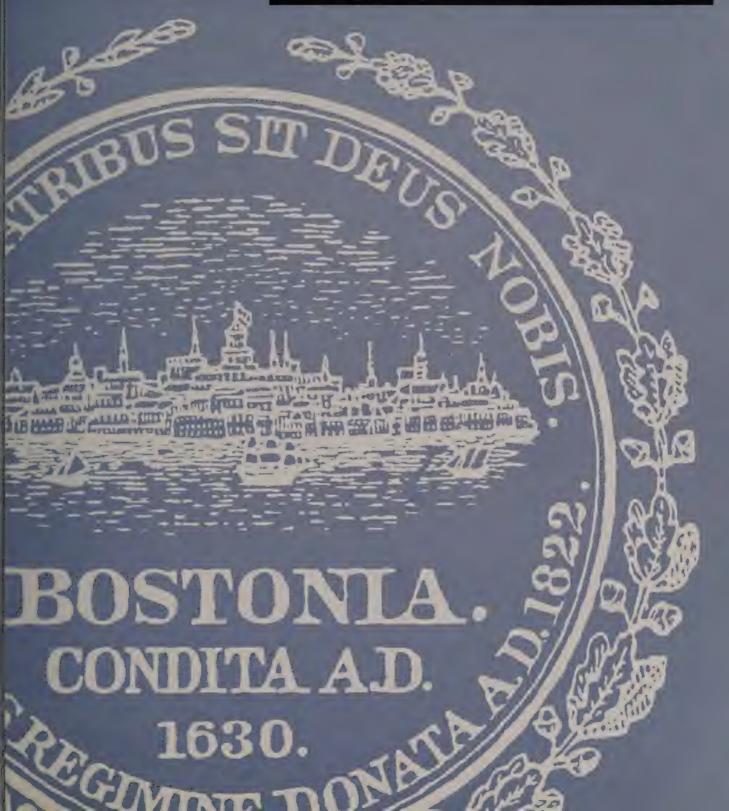
There are currently 19 Boston business districts participating in the Main Streets Program, a partnership between the City and the National Trust for Historic Preservation. This program has created new businesses and jobs, improved the marketability and business strategy of business districts, and preserved the character of surrounding residential areas.

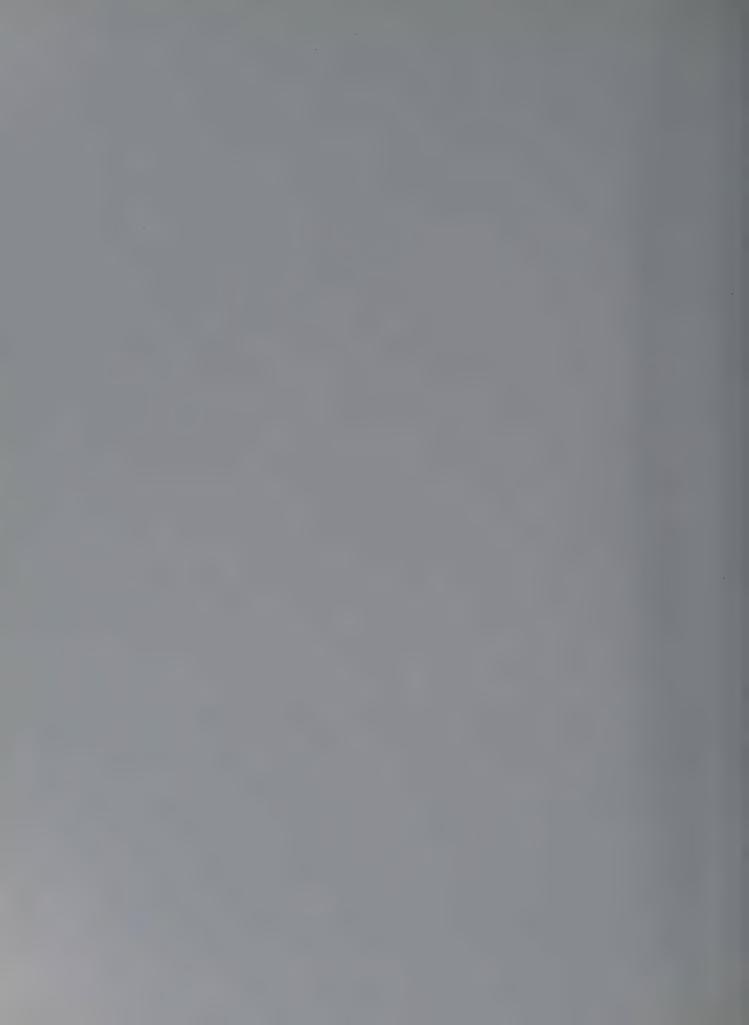
Another sign of solid investment in retail in the City are the projects underway in the neighborhoods to build new supermarkets and expand others. Other retail projects under construction include retail and theater space at Millennium Place on Lower Washington Street and more retail and theater space at the Landmark Sears Building in the Fenway. Recently, Home Depot opened a large store at the South Bay Center Mall, the first inner-city store for the company.

With a strong economy, educated work force, excellent job growth, a growing tourism industry, an expanding hotel market, a new convention center on the horizon, a bright retail picture, and safe neighborhoods, Boston is a world class City ready for the new millennium.



**Budget Organization and Glossary** 





# Budget Organization and Glossary of Terms

#### Introduction

This Chapter is a guide to the organization of Boston city government and the FY00 Operating Budget.

The City of Boston, incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth which, as amended, constitute the City's charter. The chief executive officer of the City is the Mayor. Reelected in November 1997, Mayor Thomas M. Menino is serving a four-year term ending in January 2001. The Mayor has general supervision of and control over the City's boards, commissions, officers, and departments. The portion of the City budget covering appropriations for all departments and operations of the City, except the School Department, and a portion of the operations of Suffolk County, is prepared under the direction of the Mayor.

The legislative body of the City is the Boston City Council, which consists of thirteen members serving two-year terms, of whom four are elected at-large and nine are elected from geographic districts. The City Council may enact ordinances and adopt orders that the Mayor may either approve or veto. Ordinances and orders, except for orders for the borrowing or appropriation of money, may be enacted by the City Council over the Mayor's veto by a two-thirds vote. The City Council may reject or reduce a budget submitted to it by the Mayor, but may not increase it.

## Organization of City Government: The Mayor's Cabinet

Upon election, Mayor Menino implemented a new cabinet structure in the executive branch of city government. The cabinet structure delineates the major functional responsibilities of city government to improve the conduct of executive and administrative business of the City and to eliminate duplication and waste. The Cabinet presently consists of fourteen cabinet members: Chief of Staff, Chief Operating Officer, Chief Financial Officer, Chief Economic Development Officer, Chief of Education, Chief of Human Services, Chief of Basic Services, Chief of Environmental Services, the two Chiefs of Public Safety, Chief of Public Housing, Chief of Public Health, the Corporation Counsel (the City's chief legal officer),

and the Chief of Housing and Neighborhood Development. Reflecting the importance of strengthening Boston's communities and improving livability for residents, the Mayor has formed a new cabinet, Housing and Neighborhood Development.

The structure of the Mayor's cabinet is illustrated in the citywide organizational chart below. A description of the members of the Mayor's cabinet, the City departments for which they have authority, and their individual responsibilities, follows.

### **Chief Operating Officer**

The COO is the key individual responsible for the daily administration of the entire city government and directly oversees Management Information Systems, Human Resources (including Workers' Compensation program), Health Insurance, Workers' Compensation Fund, Unemployment Compensation, Graphic Arts, and Labor Relations. The COO reports directly to the Mayor and is responsible for ensuring satisfactory performance of city managers.

#### **Chief Financial Officer**

The Chief Financial Officer (CFO), who also serves as the Collector-Treasurer, oversees all city financial matters, including the functions of the Treasury, Assessing, Auditing, and Purchasing departments, the Office of Budget Management (OBM), Pensions & Annuities, Medicare Payments, and the Taxpayer Referral and Assistance Center (TRAC). The Retirement Board, an independent board under Chapter 306 of the Acts of 1996, now has its expenses funded through investment earnings, but remains part of the Finance Cabinet. The City's Collector-Treasurer is responsible for supervision of the City's Treasury Department, revenue collections due the City of Boston and Suffolk County, management of city borrowings, and city payments, including amounts due on borrowings by the City in the form of either temporary or permanent debt.

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## **Chief Economic Development Officer**

The Chief Economic Development Officer is accountable for the planning, development, and marketing functions of the City. The Director of the Boston Redevelopment Authority (BRA) serves as the Cabinet Chief. The Economic Development Cabinet is composed of the Boston Redevelopment Authority/Economic Development and Industrial Corporation (BRA/EDIC), the Office of Minority and Women Business Enterprises, the Boston Residents Jobs Policy Office, and the Office of Special Events and Tourism.

#### **Chief of Education**

The Superintendent of the Boston Public Schools serves on the Mayor's cabinet. Among the Cabinet responsibilities of the Superintendent is the development of a plan for schools and other city and non-city agencies to develop cooperative programs guaranteeing the best possible educational resources for Boston's children. The Superintendent is appointed by the Boston School Committee and serves as the Chief Executive Officer of the Boston Public Schools.

#### **Chief of Human Services**

The Human Services Cabinet is responsible for providing social services for Boston's citizens. This cabinet includes the Office of Cultural Affairs, Boston Community Centers, the Elderly Commission, the Emergency Shelter Commission, the Women's Commission, the Veteran's Services Department, the Office of Community Partnerships, and the Office of Civil Rights, which is comprised of the Fair Housing Commission, the Commission for Persons with Disabilities, and the Human Rights Commission. The Office of Community Partnerships, headed by the Chief of the Human Services Cabinet, is responsible for the community-based anti-drug and health improvement programs, in addition to running the Office of Children and Family Services.

#### **Chief of Basic Services**

Boston's infrastructure and direct-service activities are managed by the Basic Services Cabinet. The Basic Services Cabinet is composed of the Public Works Department, the Parks and Recreation Department, the Property Management Department, the Central Fleet Maintenance unit, the Election Department, Consumer Affairs and Licensing, the Registry Division, the Boston Public Library, and the Youth Fund. One of the major goals for this Cabinet is investigat-

ing opportunities for applying technological innovations to reduce costs and/or improve the delivery of basic services.

#### **Chief of Environmental Services**

The Environmental Services Cabinet is made up of the Environment Department, the Inspectional Services Department, the Boston Water and Sewer Commission, and the Transportation Department. Other programs in the Cabinet include the Recycling Program of the Public Works Department, the Open Space Planning and Olmsted System Revitalization programs of the Parks and Recreation Department, and the Grassroots Program of the Department of Neighborhood Development. The Chief of Environmental Services oversees the City's relationships with the Central Artery/Third Harbor Tunnel project, the federal Environmental Protection Agency, the state Executive Office of Environmental Affairs, the Metropolitan Area Planning Commission, and the Massachusetts Bay Transportation Authority (MBTA).

#### **Chiefs of Public Safety**

The Public Safety Cabinet includes the Boston Police Department and Boston Fire Department. The Police Commissioner and Fire Commissioner both serve on the Mayor's cabinet. Together, they review opportunities for consolidated and shared resources to provide more efficient public safety services to Boston's communities.

## **Executive Director of the Boston Public Health Commission**

The executive director of the Boston Public Health Commission (BPHC) oversees public health delivery in the City by hospitals, health centers and community organizations, as well as providing the City's emergency medical services.

## Administrator of the Boston Housing Authority

The Administrator of the Boston Housing Authority (BHA) serves on the Mayor's cabinet as the Chief of Public Housing. The BHA is an independent authority overseeing public housing developments and senior housing locations throughout the City.

## Chief of Housing and Neighborhood Development

The newly established Housing and Neighborhood Development Cabinet is composed of two departments, the Department of Neighborhood Development and the Rental Housing Resource Center. These departments will work together to build strong neighborhoods, develop and preserve local businesses, and improve housing stock. In addition, these departments will assist persons seeking housing, provide shelter and support services, and assist tenants with problem resolution and mediation with landlords.

### **Corporation Counsel**

The Corporation Counsel has supervisory authority over all City attorneys and legal affairs and represents the City of Boston and Suffolk County in litigation.

The Law Department provides an array of legal services, including formal and informal opinions and advice to the Mayor, the City Council, the Boston School Committee, and other officials in matters relating to their official duties. The department also represents the same parties in litigation, reviews all city and county contracts, pursues claims on behalf of the City through affirmative litigation, and initiates foreclosure proceedings on tax delinquent property.

#### Mayor's Chief of Staff

The Mayor's Chief of Staff oversees the day-to-day operations of the Mayor's Office, and responds to requests and critical issues efficiently and effectively. In addition, the Chief of Staff keeps an open, direct line of communication between the Mayor and Boston's communities in pursuing resident concerns. The Mayor's Office includes the Office of the Mayor, Neighborhood Services, Public Information, Intergovernmental Relations, the Office of New Bostonians, and the Boston 2:00 to 6:00 Office.

#### An All-Funds Budget

FY00 is the second year that the City of Boston is presenting a fully integrated budget, including capital, operating, and external funds. Previous to FY99, the City presented separate capital and operating budgets. The capital and operating budgets are now incorporated to show the full level of funds available to departments to fulfill their missions.

The operating budget maintains the day-to-day operations for departments to provide goods and services whereas the capital budget reflects long-term needs and planning for infrastructure development and repairs. The capital budget funds new construction or renovations to existing city-owned facilities (for example, police and fire stations and schools), infrastructure improvements (for example, roads, sidewalks, and lights), and major equipment purchases such as fire-fighting apparatus. The external funds budget describes the projects and programs that the departments will be undertaking in the next fiscal year, which are financed with funding received from the state, federal or other non-general fund sources.

#### **Organization of the Budget**

The City of Boston's Program Budget provides a wealth of information related to City services and their associated costs. The Operating and Capital Budgets present recommended resource allocations in terms of personnel, facilities, goods, and services. The budget document also describes the kinds of services provided by city and county departments as well as the levels of services that will be achieved in FY00.

## The Operating and Capital Budget Document: Organization of the Volumes

Volume I provides a citywide review of information on the FY00 budget and on the context in which it is prepared. Sections include:

- · Executive Summary,
- Summary Budget FY00-FY01,
- · City Council Orders,
- Revenue Estimates and Analysis,
- Innovations in Education: Moving Forward,
- FY00 Budget and Performance Goals.
- Financial Management,
- Capital Planning,
- Statutes and Ordinances,
- Boston's People and Economy, and
- Budget Organization and Glossary.

In Volume II, cabinet and departmental budgets are presented, with the departmental budgets organized by cabinet. The cabinet presentation includes cabinet mission and initiatives, followed by a table displaying total operating, external and capital budgets beginning with FY97 actual results through the proposed FY00 budgets.

#### The Departmental Operating Budgets

Activities and services of the City are grouped into programs for budgeting and management purposes. The operating budget for each department is presented on a program-by-program basis.

A "program" is defined as:

An organized group of activities, and the resources to carry them out, that is directed toward attaining one or more related objectives.

For the purposes of program budgeting and program evaluation, a program can consist of direct services to the public and neighborhoods of the City (police patrol or voter registration), or traditional city staff functions (administrative services or engineering and design).

Some city activities may not be defined as separate programs even though they may be self-contained operations. For example, a fire station is not a separate program although it is a cost center, for accounting purposes, within the Fire Department's Fire Suppression Program.

While these program budgets serve as the basic building blocks of the budget, there are three additional organizational levels above the program level in the budget. NThe basic budget presentation is modified slightly depending on the structure of a department. The three levels are:

- The Division Level for budgeted units within some departments.
- The Department Level, which includes departments, commissions, and other offices.
- The Cabinet Level, which includes functionally related departments.

## **Description of Organization and Definition of Categories**

This section outlines the structure of information reported within each department and program in the budget. It also defines what is included in the mission statements, services, performance objectives, service indicators, capital expenses, and external funds for FY00.

### **Department/Division Level**

<u>Mission statement</u>: The mission statement is a fundamental statement of purpose.

<u>Performance Objectives</u>: These objectives reflect stated goals for which the division or department will be held accountable in FY00 and measured on a monthly basis.

<u>Description</u>: This text furnishes a general overview of the department and its responsibilities and lists examples of major services provided.

<u>Authorizing Statutes</u>: Statutes and ordinances that create departments as well as endow them with powers.

Operating Budget: The operating budget presentation includes a table displaying total operating and external budgets by program beginning with FY97 actual expenses through the FY00 proposed budget.

#### **Program Level**

<u>Description</u>: This section furnishes a general overview of the program and its responsibilities and lists examples of major services provided. Added context is often displayed on the demand for services or to illustrate the scope of the department's responsibilities in more detail.

<u>Program Performance Objectives</u>: Each program identifies the FY00 objectives by which the department will be measured.

<u>Program Outcomes</u>: The outcomes illustrate the intended achievement levels for program objectives in quantifiable terms.

Selected Service Indicators: The selected service indicators provide brief comparisons of personnel, funding, and measures of how well the program has performed for FY97 and FY98. It also includes FY99 and FY00 projected service levels, budgeted staff, and funding levels. Service levels may measure workload, service quality, inputs, outputs, efficiency, or productivity.

In cases where the service level depends on an external factor (for example, the number of tax abatements or building permits applied for), the promised service level reflects the workload that the program is equipped to handle efficiently and effectively.

Programs report levels of service outputs and promised outcome achievements on a monthly basis. This progress is summarized publicly in an annual report.

#### **Financial Data**

The financial data identify the major groups and object codes of expenditures (for example, Personal Services/Overtime, Supplies and Materials/Office Supplies), the historical expenditures, and the proposed appropriations in these groups and objects.

Two financial sheets are provided on the FY00 Operating Budget: Department History by Object Code and Department Personnel data.

### **Department History by Object Code:**

The objects of expenditure are listed within six expenditure groups. Dollar amounts are shown for:

- FY98 actual expenditure,
- FY99 actual expenditure,
- FY00 appropriation,
- FY01 proposed appropriation, and
- The difference between the FY00 appropriation and the FY01 proposed appropriation.

### **Department Personnel Data**

The personnel data show funding for permanent positions, including existing and proposed positions. All permanent positions are listed by salary grade within the department or division. The total salary request is listed for these positions.

For each position shown, the following information is provided:

<u>Title</u>: The civil service/personnel system job title of the position.

Grade: The code for the salary grade of the position.

<u>Position and Salary Requirement</u>: These columns are used to show the full-time equivalent personnel positions that a department may fill based on available funds and the total funding provided for that title for the fiscal year.

<u>Total Dollars</u>: The total dollars for the permanent personnel, shown at the bottom right of the personnel sheet, reflects the amount of funding required to support personnel prior to adjustments. As applicable, this figure is then adjusted by differential payments, other payments, chargebacks, and salary savings.

<u>Differential Payments</u>: These payments are for employees who are either in intermittent job titles or who are entitled to extra additional payments based on shift (for example, night shifts). This figure is added to the salary requirements.

Other: These figures cover other payments such as sick leave and vacation buyback, longevity pay, and other similar distributions.

<u>Chargebacks</u>: These figures are payroll costs to be charged to another fund or appropriation.

Salary Savings: This figure reflects savings due to employee turnover. The amount is estimated based on

historical experience and subtracted from the total salary requirements.

#### **External Funds**

The financial data identify the major groups and object codes of external funds expenditures (for example, Personal Services/Overtime, Supplies and Materials/Office Supplies), the historical expenditures, and the proposed appropriations in these groups and objects. The personnel data show permanent positions, including existing and proposed positions funded with external funds. All permanent positions are listed by salary grade within the department or division. The total salary request is listed for these positions. Program services and projects financed by external funds are also listed by department. Each profile includes a description of the program or project, the source of funding, and the geographic area or citizens benefiting from the program or project.

#### **Capital Budget**

The capital section provides an overview of projects and major initiatives for departments charged with managing facilities and major equipment assets. The dollar amounts are shown for:

- FY98 actual capital expenditures,
- FY99 actual capital expenditures,
- FY00 projected capital expenditures,
- FY01 proposed capital expenditures

The next section reviews departmental capital project profiles, including descriptions of each project scope, the department managing the project, and the status and location of each project. A table summarizes the total capital dollars authorized for project expenditure for not only FY00, but also for future years, as well as whether the source is city authorization or other funding such as federal and state infrastructure grants or trust funds. A listing of actual and planned capital expenditures in comparison to authorized dollars is beneath this table.

#### **Glossary of Terms**

<u>Account</u>: A classification of appropriation by object of expenditure.

<u>Account Number</u>: The number by which the Auditor categorizes an appropriation. For budget purposes, also known as appropriation code.

<u>Accrual Basis</u>: The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Allotment: The amount that can be expended quarterly for personnel as submitted to the City Auditor at the beginning of each fiscal year.

Appropriation: The legal authorization to expend funds during a specific period, usually one fiscal year. In Boston, the City Council is the appropriating authority.

Authorization: The legal consent to expend funds.

<u>Base Budget</u>: A budget that describes the funding required for maintaining current levels of service or activity.

<u>Bond</u>: An interest-bearing promise to pay, with a specific maturity.

<u>Bonds Authorized and Unissued</u>: Bonds that a government can issue and sell without needing further authorization.

<u>Budget</u>: A formal estimate of expenditures and revenues for a defined period, usually for one year.

<u>Budget Amendment</u>: A change from originally budgeted quotas; the forms filed by departments with the Human Resources Department and the Office of Budget Management to justify these changes.

<u>Capital Budget</u>: A plan for capital expenditures for projects to be included during the first year of the capital program. Funds are subject to appropriation.

<u>Capital Plan</u>: A multi-year plan of proposed outlays for acquiring long-term assets and the means for financing those acquisitions. Usually, financing is by long-term debt.

<u>Capital Improvement</u>: An expenditure that adds to the useful life of the City's fixed assets.

<u>Capital Improvement Program</u>: A multi-year plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs.

<u>Cash basis</u>: A basis of accounting under which transactions are recognized only when cash changes hands.

<u>Chapter 90 Funds</u>: A state-funded program for payments to cities and towns for 100 percent of the costs of construction, reconstruction, and improvements to public ways.

<u>Chargeback</u>: A method of assessing departments for costs incurred by them for which they are not billed directly. Charges for telephone, postage, and printing are examples.

<u>Cherry Sheet</u>: A cherry-colored form showing all Commonwealth and county charges, distributions and reimbursements to a city or town as certified by the state Director of the Bureau of Accounts.

<u>Collective Bargaining</u>: The process of negotiations between the City administration and bargaining units (unions) regarding the salary and fringe benefits of city employees.

Commission: An appointed policy setting body.

<u>Community Development Block Grant (CDBG)</u>: A federal entitlement program that provides community development funds based on a formula.

Computer-Aided-Dispatch (CAD) System: A network of computers that facilitates the dispatching of emergency Police, Fire, or Emergency Medical Service personnel.

Credit Balance: See departmental deficit.

<u>Credit Rating</u>: A formal evaluation of credit history and capability of repaying obligations. The bond ratings assigned by Moody's Investors Service and Standard & Poor's Corporation are forms of credit rating.

<u>Credit Transfer</u>: The transfer of appropriations from one object code to another within a department; the form used to effect such a change.

<u>Debit Transfer</u>: Moving actual expenditures from one object code to another within or between departments; the form used for such moves.

<u>Debt Limit</u>: The maximum amount of debt that a governmental unit may incur under constitutional, statutory, or charter requirements. The limitation is usually a percentage of assessed valuation and may be fixed upon either gross or net debt.

<u>Debt Outstanding</u>: The general obligation bonds that have been sold to cover the costs of the City's capital outlay expenditures from bond funds.

<u>Debt Service</u>: The annual amount of money necessary to pay the interest and principal on outstanding debt.

<u>Department</u>: A major service-providing entity of city government.

<u>Departmental Deficit</u>: A condition that exists when departmental expenditures exceed departmental appropriations; also refers to the over-expended amount and credit balance.

<u>Departmental Income</u>: Income generated by a specific city department, usually as a result of user revenues applied for services rendered. Parking

meter charges, building permit fees, and traffic fines are examples of departmental income.

Division: A budgeted sub-unit of a department.

Encumbrance: Funds set aside from an appropriation to pay a known future liability.

<u>Excise</u>: A tax applying to a specific industry or good. The jet fuel tax and the hotel/motel occupancy tax are examples of excises.

Expenditure: An actual payment for goods or services received.

<u>External Fund</u>: Money that is not generated from city sources, but is received by an agency, examples are grants or trusts.

<u>Fiscal Year</u>: The twelve-month financial period used by the City, which begins July 1 and ends June 30 of the following calendar year. The City's fiscal year is numbered according to the year in which it ends.

<u>Fixed Debt</u>: Long-term obligations other than bonds, such as judgments, mortgages, and long-term serial notes or certificates of indebtedness.

<u>Full Faith and Credit</u>: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

<u>Full-time Equivalent Position</u>: A concept used to group together part-time positions into full-time units.

<u>Fund</u>: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources with all related liabilities, obligations, reserves, and equities that are segregated for specific activities or objectives. Among the fund types used by the City are General, Special, Trust, and Capital.

GAAP: Generally Accepted Accounting Principles. The basic principles of accounting and reporting applicable to state and local governments, including the use of the modified accrual or accrual basis of accounting, as appropriate, for measuring financial position and operating results. These principles must be observed to provide a basis of comparison for governmental units.

General Fund: The fund into which the general (nonearmarked) revenues of the municipality are deposited and from which money is appropriated to pay the general expenses of the municipality.

General Obligation (G.O.) Bonds\*: Bonds for whose payment, the full faith, and credit of the issuer has

been pledged. More commonly, but not necessarily, general obligation bonds are payable from property taxes and other general revenues.

<u>Goal</u>: A statement, in general terms, of a desired condition, state of affairs, or situation. Goals are long-term and not usually directly measurable without objectives. By establishing goals, the agencies can define their missions and then the methods for achieving those goals.

<u>Grant Year</u>: The grant accounting period designated by the requirements of a specific grant.

<u>Headcount</u>: The actual number of full-time or full-time equivalent employees in a department at any given time. The headcount will change from time to time as employees are hired or terminated.

<u>Interest</u>: Compensation paid or to be paid for the use of money, including interest payable at periodic intervals or discount at the time a loan is made.

<u>Interest Rate</u>: The interest payable, expressed as a percentage of the principal available for use during a specified period of time.

Line Item: See Object Code.

Mayoral Reallocation: A transfer of appropriations of up to \$3 million that may be authorized by the Mayor up to April 15 in a given fiscal year to relieve departmental deficits or meet unanticipated financial problems.

Mission: A general overview of the purposes and major activities of an agency or program.

Modified Accrual Basis: The accrual basis of accounting adapted to the governmental fund type, wherein only current assets and current liabilities are generally reported on fund balance sheets and the fund operating statements present financial flow information (revenues and expenditures). Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for a few specific exceptions. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

<u>Object Code</u>: An expenditure classification according to the type of item purchased or service obtained, for example, emergency employees, communications, food supplies, and automotive equipment.

Objective: See Performance Objective.

Official Statement (O.S.): The municipal equivalent of a prospectus - history, background of managers,

fund objectives, a financial statement, and other pertinent data related to the city's financial condition.

<u>Operating Budget</u>: A legally adopted plan for anticipated expenditures for personnel, supplies, equipment and services in one fiscal year.

<u>Outcome</u>: A quantifiable, reportable measure of the intended performance objective; reflects the results of a program in terms of impact on the level of need or the problem being addressed.

<u>Payments-In-Lieu-of-Taxes</u>: Income to replace the loss of tax revenue resulting from property exempted from taxation.

<u>Performance Measure</u>: An indicator of achievement. Measures can be defined for identifying output, work or service quality, efficiency, effectiveness, and productivity.

<u>Performance Objective</u>: A statement of proposed accomplishments or attainments. Objectives are short-term and measurable.

<u>PLOS</u>: Promised Level of Service, the estimate of the outputs or outcomes being measured, based on the resources provided by the budget.

<u>Principal</u>: The face amount of a bond, exclusive of accrued interest.

<u>Program</u>: An organized group of activities, and the resources to carry them out, that is directed toward attaining objectives.

<u>Program Evaluation</u>: The process of comparing actual service levels achieved with promised results; also refers to assessing, for the purpose of improving the way a program operates.

<u>Proposition 2 1/2</u>: A statewide tax limitation initiative petition limiting the property tax levy in cities and towns in the Commonwealth to 2 1/2 percent of the full and fair cash valuation of the taxable real and personal property in that city or town. The statute also places an annual growth cap of 2 1/2 percent on the increase in the property tax levy.

Quota: The planned number of positions that can be filled by a department, subject to the availability of funds. The quota can refer either to specific titles or to the number of personnel in the entire department. The quota of positions will change, from time to time, by means of a budget amendment. The actual number of personnel working in a department at any given time may differ from the quota.

<u>Reimbursement Grant</u>: A federal or state grant that is paid to the City once a project is completed and inspected for conformance to the grant contract. The

City must provide the full funding for the project until the reimbursement is received.

Reserve Fund: An appropriation for contingencies.

Revenue: Income received by the City.

<u>Salary Savings</u>: For budget purposes, an amount that will be saved from annual turnover of personnel in any department.

<u>Special Appropriation</u>: An authorization to expend funds for a specific project not encompassed by normal operating categories.

Special Revenue Fund: Used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or sources for major capital projects) that are legally restricted to expenditures for specific purposes. A special revenue fund is accounted for in the same manner as a General Fund.

STAT: Statutory accounting and reporting that is adopted by a legislative body of a governmental entity. The method of recording and reporting actual expenditures and revenues within a plan of financial operations that establishes a basis for the control and evaluation of activities financed through the General Fund. When the budget basis and basis of accounting are different, a governmental unit usually maintains its records on a budget basis.

State Distributions: All City revenue flowing from the state. Major categories include reimbursement for loss of taxes, educational distributions and reimbursements, direct education expenditures, general government reimbursements, and other distributions.

<u>Sub-Object</u>: A detailed breakdown of an Object Code.

<u>Sub-Program</u>: A sub-program is defined discretely, for purposes of management. Several related sub-programs may make up a larger program.

Supplementary/Supplemental Appropriation: An appropriation that is submitted to the City Council after the operating budget has been approved. Such appropriations must specify a revenue source.

<u>Tax Exempt Bonds</u>: Bonds exempt from federal income, state income, or state or local personal property taxes.

<u>Third Party Payment</u>: Medical payments, usually from an insurance carrier to a health care provider on behalf of an injured or infirm party.

<u>Trust Funds</u>: Funds held by the City in a fiduciary role, to be expended for the purposes specified by the donor.

<u>Unliquidated Reserve</u>: A fund established at year-end, used to pay for goods and services received this year, but not billed until next year.

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